PROGRESSIVE CONSERVATISM IN BRAZIL:
OLIVEIRA VIANA, ROBERTO SIMONSEN
AND THE
SOCIAL LEGISLATION OF THE VARGAS REGIME,
1930-1945.

by

ROBERT WILLIAM HOWES,
GONVILLE & CAIUS COLLEGE.

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PREFACE.

The aim of this thesis is to provide a detailed study of the ideas of Oliveira Viana and Roberto Simonsen and an assessment of their influence in practice on the social legislation passed by the Vargas regime during the period from 1930 to 1945. Oliveira Viana is chiefly remembered today as a racist and a corporatist but in the 1920s and the early 1930s he was an important innovator in the social sciences and an influential political theorist who favoured a strong, authoritarian, centralised government. Roberto Simonsen, on the other hand, is recognised as an early proponent of economic development and a leading figure in the foundation of Brazilian industrialists' associations. His ideas only came to fruition in the 1950s and 1960s, after his death, but in the late 1930s and early 1940s he exercised a considerable influence on the policies of the Vargas government.

Both of these thinkers are referred to with some frequency in the literature dealing with the period between the two world wars, but there have been few detailed studies of their work as a whole or of the development of their ideas. Such works as there are tend either to view these two figures in isolation or else to discuss their position within their immediate context. Oliveira Viana's ideas have been summarised by his biographer, Vasconcelos Torres, and in an article by Jarbas Medeiros, and his position as a political sociologist has been analysed by Paulo Edmur de Souza Queiroz. He has been compared with Euclides da Cunha by Marcos Almir Madeira, while a forthcoming thesis by James Lauer will place him in the context of authoritarian nationalist thought, alongside Azevedo Amaral and Francisco Campos. Simonsen, on the other hand, has been regarded primarily as an economist in a lengthy study by Helena
Fanganiello and he has been compared with the nineteenth century entrepreneur Mauá by Heitor Ferreira Lima; little attention has been given to his ideas on society.

This thesis proposes not only to analyse the ideas of these two thinkers but also to relate them to each other and to place them within a wider political and intellectual context. In their lifetime, they had little to do with each other, for they had totally divergent backgrounds and personalities. Viana was a shy, relatively poor son of a landowner from the economically depressed state of Rio de Janeiro, who lived most of his life in obscurity, only briefly holding a position of note as a high official of the Vargas regime. In complete contrast, Simonsen was a dynamic industrialist and businessman from the booming state of São Paulo, with links with the world of high finance and an extremely forceful personality. Only late in their lives did their paths cross, firstly in a clash over a proposed reform of the legislation governing representative associations, and later, incidentally, when they were both members of the Academia Brasileira de Letras.

Equally, on the surface, they appear to belong to quite different intellectual traditions: Viana the conservative political theorist, Simonsen the progressive economic developmentalist. Yet if we look deeper into their ideas, we can see that they held a number of fundamental positions in common. Firstly, they were both anti-liberals: Oliveira Viana fought tenaciously against the tenets of political liberalism, particularly universal suffrage and local autonomy, while Roberto Simonsen attacked economic liberalism in his struggle against the free trade ideal and for a protectionist policy. Secondly, both Viana and Simonsen were precursors of modern Brazilian nationalism. They emphasized that Brazil was different from other countries and
that it had its own particular problems which needed special remedies in order to ensure its national unity, independence and prosperity. Yet neither anti-liberalism nor nationalism are terms which adequately define their basic outlook. Anti-liberalism is a purely negative attitude and both men made positive contributions to Brazil's development, while neither can fully be characterised as a nationalist: Viana because of his contempt for Brazil's coloured races and his emphasis on the desirability of foreign immigration, Simonsen because of his links with international banking and his constant concern with attracting foreign capital to Brazil.

Rather than anti-liberals or nationalists, Oliveira Viana and Roberto Simonsen can best be termed "progressive conservatives". Viana is clearly a conservative in his desire for a hierarchical, authoritarian society, but in order to achieve this, he advocated progressive measures to strengthen the apparatus of government and open up new channels of representation. Simonsen is well-known as a progressive proponent of economic development to raise the average standard of living, but his objectives were profoundly conservative in that he aimed to stave off social revolution and preserve the status quo. Thus both Viana and Simonsen were progressive conservatives: they urged progressive means but their ends were conservative.

In practice, their conservatism revealed itself in a distaste for egalitarian principles and an open espousal of elitism, while their most progressive ideas were related to the role of the State. Viana and Simonsen, with differing emphasis, both advocated an expansion of the functions of the State: Viana concentrated on its political and social functions while Simonsen was mainly concerned with its role in the economy. Together, in their theoretical writings and in their debates
over matters of practical policy, they exercised a major influence over the development of State intervention in Brazil and helped to define the nature and limits of its scope.

The influence of Oliveira Viana and Roberto Simonsen was felt most strongly in the area of the social legislation passed by Vargas's Ministry of Labour, Industry and Commerce. Viana, in his capacity as the Ministry's juridical consultant from 1932 to 1940, and Simonsen, as the leader of the principal industrialists' association from 1938 until after Vargas's fall in 1945, were not only responsible for the detailed elaboration and implementation of certain laws but also helped to create the climate of opinion which moulded the objectives of the government's social policy. The social legislation was generally regarded as the Vargas regime's most progressive policy; yet, as we shall see, it was conservative in its intentions. The ideas of Viana and Simonsen illustrate and help to explain the aims of the ruling elite in promulgating these laws. At the same time, they cast more light on the ambiguous nature of Getulio Vargas's government and its shift from cautious political reform in the 1930s to bold economic developmentalism in the 1940s.

This thesis consists, therefore, of a detailed analysis of the ideas of Oliveira Viana and Roberto Simonsen, placing them in the context of their period, and of a close examination of three areas of social legislation - representative associations, the minimum wage and industrial training, which illustrate the application of their ideas in practice. It relies mainly on published works, supplemented by archive material and interviews. The archives consulted were the Oliveira Viana archive in Viana's former home in Niteroi, Vargas's presidential papers and the records of the Conselho Federal do Comércio Exterior in
the Arquivo Nacional in Rio de Janeiro, and the Foreign Office correspondence with the Embassy in Brazil kept at the Public Record Office in London. I should particularly like to thank Dr. Marcos Almir Madeira for allowing me to consult the Oliveira Viana archive while it was closed for reorganisation and D. Edda di Franco for providing me with an almost complete collection of Roberto Simonsen's published works.

I owe an especial debt of gratitude to my supervisor, Dr. John Street, for his patience and help in preparing this thesis. I should also like to thank Dr. Edgard Carone, Luiz Augusto de Rezende Puech, Professor Stanley Hilton, Michael Conniff and many others too numerous to mention for their assistance and advice. Visits to Brazil were made possible by the generosity of the Department of Education and Science and the Brazilian Ministry of Foreign Affairs. Finally, I should like to express my gratitude to my typist, Mrs. Kathleen Bennett, and last but not least, my parents, H. H. and V. D. Howes, for their help and encouragement. The responsibility for this thesis however, rests entirely with the author. None of it has been prepared in collaboration with others and the development and conclusions are entirely mine.

Cambridge, 10 September 1975.
GLOSSARY.

associação profissional: employers' or workers' association
bacharel (pl. -éis): graduate in law
bacharelismo: the predominance of lawyers in politics
bancada: the delegation of deputies from each state in the Federal Congress
bandeirante: pioneer explorer, originally from São Paulo
C.I.E.S.P. (Centro das Indústrias do Estado de São Paulo): Centre of Industries of the State of São Paulo
C.N.I. (Confederação Nacional da Indúria): National Confederation of Industry
cabo eleitoral: local political leader
carioca: inhabitant of the city of Rio de Janeiro
caudilho: chieftain or leader
colono: settler
coronel (pl. -éis): local political leader
cruzeiro: unit of currency adopted in 1942
F.I.E.S.P. (Federação das Indústrias do Estado de São Paulo): Federation of Industries of the State of São Paulo
fazenda: rural estate or plantation
fazendeiro: landowner
fluminense: inhabitant of the State of Rio de Janeiro
gaucho: inhabitant of the State of Rio Grande do Sul
homenagem: formal meeting to express support for someone
interventor: state governor appointed by the Federal Government
latifundio: large rural estate
M.E.S. (Ministério da Educação e Saúde): Ministry of Education and Health
milréis: unit of currency used until 1942
mineiro: inhabitant of the State of Minas Gerais
município: administrative district roughly equivalent to a British county
parecer: legal opinion
paulista: inhabitant of the State of São Paulo
profissional: vocational or occupational
queremista: labour supporter of Getúlio Vargas in 1945
relator: the member of a committee who presents its report
relatório: report
SENAT (Serviço Nacional de Aprendizagem Industrial) National Industrial Apprenticeship Service
SESI (Serviço Social da Indústria): Social Service of Industry
santista: inhabitant of the city of Santos
sindicato: labour union or employers' association
tenente: military rebel of the 1920s; radical wing of the Revolution of 1930
tenentista: supporter of the tenente movement
trabalhista: labour (adj.)
INTRODUCTION.

Few countries have changed more in this century than Brazil. Within little more than a man's life span, it has been transformed from a slave society to a consumer society. Industrialisation has eclipsed the predominant position of coffee and given the country the fastest rate of economic growth in the world. In the cities, the signs of modernisation are visible on every side: skyscrapers, urban motorways, cars, advertising, hire purchase facilities and consumer goods, while even the remote interior is awakening under the impact of new roads, electricity, television and radio. Brazil has joined the twentieth century in spectacular fashion and Brazilians are rightly proud of their achievements in opening up their enormous country and developing its economic potential. For they are creating, for the first time, a modern industrial civilisation in the tropics.

At the same time, voices of dissent and disillusion are beginning to make themselves heard. Economic development has not ushered in the millennium: along with the advantages, it has also brought the problems of an industrial society. Rio is no longer the "Marvellous City" of the 1930s, as pollution and traffic jams threaten to suffocate it. Greater prosperity has not created a stable liberal democracy but instead seems to depend on the most rigid and brutal dictatorship in the country's history. It is doubtful whether Brazil now has more scope for an independent foreign policy than it did in the first half of the nineteenth century, when for many years it successfully resisted British pressure to end the slave trade. Furthermore, recent inquiries have shown that economic development, far from bettering the lot of the poor, has increased the inequality in the distribution of income and
wealth and led to an absolute as well as a relative impoverishment of the working classes. The divisions between the social classes remain as rigid as ever and the words of the old song ironically echo current facts: "the rich get richer and the poor get children". Clearly, economic development has occurred in Brazil and yet it has failed to produce the positive benefits which many Western liberals hoped it would in the 1950s and 1960s. A painful reappraisal is now taking place. Yet if we look back at the origins of development and the developmental ideology in the case of Brazil, we shall see that the results which it is producing are by no means as inexplicable or unforeseen as they now appear. For those who, in the period between the two world wars, laid the foundations for Brazil's subsequent development were not revolutionaries or reformers but conservatives. The policies which they advocated are now generally regarded as progressive but their aims, at the time, were conservative. Thus they can best be described as "progressive conservatives".

The term is a paradox and requires explanation. Conservatism is as much a state of mind as a political ideology. In its latter guise, it has varied according to time and place. The British and American conservative tradition has tended to give greater emphasis to individual liberty, while the Catholic variant has concentrated on preserving social order. But all subscribe to an organic concept of society in that they view the nation or a community as a whole body rather than the sum total of its individual members. However, the essence of conservatism is the defence of the existing structure of society against those who press for change. The specific points of contention have varied over the years, but since the main thrust of progressive thinking at least since the eighteenth century has been towards greater equality (religious freedom,
political and legal rights, universal suffrage, equality of opportunity, a more even distribution of wealth and income, etc.), it is fair to characterise the conservative response as anti-egalitarianism. Indeed, as one conservative writer points out: "Conservatives do not make the mistake of thinking that equality before the law and in the sight of God somehow implies that all inequalities are unjust. They recognise that people, and groups of people, differ in ability and character; and they welcome rather than regret such variety".  

It is this belief in the desirability of inequality which marks the conservative off from even the most moderate of reformers who, while he may accept the inevitability of inequality, will always regret it. The most effective form of anti-egalitarianism is elitism or the belief that social and political authority should be exercised by a select minority, whether it be an aristocracy, a "ruling class" or a "meritocracy". Thus, although the preservation of private property and property rights is, of course, an important ingredient in practical conservatism, it is only incidental to the conservative intellectual tradition: the heart of this lies in the defence of individual inequality and a hierarchical structure of society.  

The progressive conservative is a different category. While he shares the anti-egalitarianism of the conservative, thus differentiating himself from the reformist, he shows a willingness, even an eagerness, to accept change and adopt new ideas. His concept of society is not static and he is quite ready to take over the methods of progressives and turn them to his own advantage. In modern times, the progressive conservative has been characterised by his attitude towards the State and the question of its intervention in society and the economy.  

Since the late nineteenth century, the most consistent pressure
on the status quo has been exerted by socialism which, in this respect, represents the main body of progressive thinking. The socialists have explicitly aimed to seize control of the State and use it as an instrument of social reform in order to achieve greater equality. Consequently, the majority of conservatives, who once regarded the State as an integral part of an "organic society", were driven into an uneasy alliance with laissez-faire liberals, who emphasized the rights of the individual and wished to reduce the functions of the State to a minimum, thus preventing any interference in the workings of the economy and social organisation.

A few conservatives, however, saw that, in the right hands, the State could be used for conservative ends. Instead of becoming an instrument of socialism, it could be used to bolster the flagging capitalist system and thus preserve the existing social structure. These were the progressive conservatives. In Britain, an outstanding example of this outlook was Harold Macmillan who, in the 1950s, was a strong advocate of State intervention and economic planning. In the United States, it was Roosevelt and the New Deal. In Brazil, it was Oliveira Viana and Roberto Simonsen.

* * *

In October 1930, the Liberal Alliance overthrew the government of President Washington Luís and installed Getúlio Vargas in power. For the next quarter of a century, that enigmatic little politician from the state of Rio Grande do Sul was to dominate the destinies of his country. The Revolution of 1930 marks the formal birth of modern Brazil. It ushered in a decade of transition in which old structures and customs were gradually abandoned and there began a process of change which has
continued to accelerate up to the present day. Yet in reality the changes which burst into view in 1930 had been gradually maturing throughout the preceding decade: in many ways, the real turning point came with the First World War.

Prior to the 1914-18 war, the world enjoyed a period of unprecedented prosperity created by an international system of free exchange. Brazil had been integrated in the world economy from the very beginning of its existence and enjoyed a relatively advantageous position as a colonial or semi-colonial supplier of foodstuffs and raw materials to Europe and North America. Its economic history was marked by a series of cycles of "boom and bust" as brazilwood, sugar, gold, rubber and coffee succeeded each other as the staple export products and the foundation of the economy's prosperity. Despite periodic economic crises and the political upheavals of the nineteenth and early twentieth centuries, Brazil's economic structure remained basically unchanged and continued to rely on the export market until the 1930s.4

The country's social structure also changed little. The manner of settlement and the requirements of the principal agricultural exports (sugar and coffee) led to the organisation of production on the basis of large rural estates, or fazendas. Ownership and wealth were concentrated in the hands of a small number of Portuguese-descended fazendeiros whilst labour was supplied by native-born freemen and Negro slaves imported from Africa. Slavery was finally abolished only in 1888, little more than forty years before the Revolution of 1930. Yet, despite the harshness of the institution, it left in the countryside a permanent residue of personal and social relationships which bound the various social classes together with ties of dependency and paternalism.

This was particularly true of the economically declining areas in
the Northeast and around Rio de Janeiro. But in the cities and the recently-settled areas to the south of Rio, a new style of life was rapidly developing. The coastal cities ceased to be mere entrepots for the export and import trade as the growth of government and the installation of public utilities and of factories producing goods for local consumption created a small middle class and the beginnings of an urban working class. From the middle of the nineteenth century until the First World War, industry was situated mainly in Rio de Janeiro but by 1920 São Paulo had taken the lead and thereafter continued to grow at an ever-increasing rate, soon emerging as the largest concentration of industry in Brazil and in the whole of South America. These changes were accompanied and accelerated by a vast influx of European immigrants in the years between the abolition of slavery and the outbreak of the First World War. Italians, Spaniards and Portuguese came to work on the rapidly expanding coffee plantations of São Paulo, frequently drifting later to the towns and cities where they engaged in commerce or industry. Further south, in Santa Catarina and Rio Grande do Sul, German and Italian colonists opened up the interior and settled in small European-style peasant communities. These changes were not sufficient, however, to alter the overall character of Brazil, which remained a predominantly agricultural, patriarchal society throughout the early decades of this century.5

Only in politics were there marked changes. The declaration of independence from Portugal in 1822 displaced the colonial administrators and created a new native-born ruling class, without altering the economic and social structures inherited from colonial times. In the absence of local traditions of self-government, the new rulers of Brazil turned to Europe and particularly Britain for a suitable model, adopting a
system of constitutional monarchy and parliamentary government which proved admirably suited to the interests of the country's dominant aristocracy. The Empire gave Brazil a period of peace, prosperity and stability such as it has never enjoyed since. To a large extent, however, the success of the parliamentary system was the result of the wisdom and moderation of the Emperor, Dom Pedro II, who effectively controlled its workings through his "moderating power". 6

In 1889, however, the Empire was overthrown in a military coup and replaced by a republic. There followed a decade of civil strife, revolutions and dictatorship as the military and elements in the urban middle classes struggled to hold on to political power. Gradually, however, the rural landowners reasserted their authority, aided by the boom in coffee exports which was rapidly turning São Paulo into the dominant region in the country. In effect, the Republic did little more than change the institutions of government and help the oligarchy of São Paulo to replace the aristocracy of the State of Rio de Janeiro as the dominant political force. 7

The new balance of political forces emerged clearly during the presidency of Campos Salles (1898-1902). The republican constitution of 1891 was modelled on that of the United States with its system of federal states and the separation of the executive, legislative and judicial powers, and followed the tenets of liberal democracy with its emphasis on individual liberties, local autonomy and universal suffrage. Brazil's social conditions and historical traditions were very different from the United States', however, and the system proved workable only when it was deformed in practice. Campos Salles wanted to secure a foreign loan in order to stabilise Brazil's financial situation and to achieve this, he needed political stability at home. He, therefore, devised a policy which became known as the "política dos governadores" (governors' politics), whereby an alliance was made between the President
of the Republic, or federal executive, and the dominant political
grouping in each state (known as the "situation"). The federal govern-
ment gave each "situation" a free hand in its own region in return for
which the "situations" provided a docile, pro-government majority in
the federal Congress. This ensured relative stability and maintained
the appearances of a democratic regime at the national level, since the
two dominant states of São Paulo and Minas Gerais agreed to rotate the
Presidency between themselves.

Thus the clash of interests and the bitterness of political in-
fighting moved to the local level where different groups fought ferociously
to become the predominant regional force and so gain federal support.
Fraud, violence, intimidation and bribery were the currency of politics
in the municípios as "oppositionists" and "situationists" struggled to
gain or retain power. Sometimes, political struggles led to bloody
family feuds which lasted for several generations. To be in the
opposition was a distinctly unrewarding task when state and local govern-
ments applied the traditional Latin American alternative of "pão ou pau"
(bread or the stick). Or, in the elegant phrase of one politician from
Minas Gerais: "To one's friends one does justice, to one's enemies
one applies the law." 8

The early years of the twentieth century marked the apogee of the
international free trade system founded on the unimpeded movement of
the factors of production, which was the basic tenet of economic lib-
eralism. Brazil exported coffee in ever increasing quantities and in
return imported foreign manufactured goods, foreign capital and foreign
labour. It seemed that almost everything worth having, from French
cheese to Spanish prostitutes, came from abroad. A campaign was under-
taken to rid the cities of yellow fever and make them safe for the
foreigners. The Brazilian elite looked to Europe for their cultural models and Rio was rebuilt in French style with the aid of a foreign loan. In parts of São Paulo, Italian was the principal language.

Yet already there were signs of impending dangers. By the turn of the century, the supply of coffee was exceeding demand and in 1906 the governments of Brazil's main coffee-producing states agreed on the first of a series of schemes designed to regulate the export of coffee and so maintain stable prices at a high level. Such schemes achieved their objectives in the short run but in the long term they proved disastrous since by maintaining profitability they encouraged continued expansion of production. The size of the coffee crop continued to grow and finally overwhelmed the support schemes in the late 1920s.

Equally instructive and far more dramatic was the fate of rubber. For a few years at the beginning of the motor-car era, Brazil was the principal source of the world's supply of natural latex. The resultant prosperity created the extravagances for which Manaus became internationally famous but gave the Brazilians no stimulus to improve methods of production. The boom collapsed within a few years when British companies flooded the market with rubber from scientifically-controlled plantations in Malaya.

The outbreak of the First World War in 1914 doomed the liberal system, although the fundamental changes being wrought by the European conflict were not at first evident in Brazil. Brazilians watched the conflict with intense excitement, identifying with one or other side and particularly with France, the mecca of the cultured elite. The difficulties in shipping reduced imports and gave a temporary stimulus to local industry, which worked flat out and prospered during the war.
At the same time the war created a wave of inflation which caused severe difficulties for the middle and working classes, giving rise to considerable social unrest in its later years.

After the war, foreign trade returned to normal and continued to grow during the 1920s but there were increasing problems caused by the over-production of coffee, which were only temporarily relieved by new price-support schemes. Problems were also caused by the level of inflation and fluctuations in the exchange rate, and in the middle of the decade, Brazilian industry went through a severe recession when the government tried to stabilise the currency.

At the same time, the political system of the Old Republic came under increasing attack. Intellectual dissatisfaction with the status quo was manifested in the modernist movements of the 1920s while a more direct threat came from attempted military uprisings in Rio in 1922 and São Paulo in 1924, and the revolutionary Prestes Column which roamed the interior from 1924 to 1926. The military rebels of the 1920s, who came to be known as tenentes since most of them were young junior officers of the rank of lieutenant (tenente) or captain, provided a permanent source of disaffection and later formed the vanguard of the forces which overthrew the Old Republic.

Events came to a head in late 1929 and 1930. A bumper harvest led to the collapse of the coffee support scheme, which coincided with the Wall Street crash, causing an acute economic crisis in Brazil, with the drop in export earnings and the withdrawal of foreign capital leading to a fall in the exchange rate. Particularly hard-hit was the great coffee-producing state of São Paulo. At the same time the country entered a period of political crisis connected with the presidential elections due to be held in January 1930. Under the informal arrange-
ment by which the Old Republic was governed, the incumbent paulista 
President, Washington Luís, should have handed on the office to a repre-
sentative of the state of Minas Gerais. However, Washington Luís was 
anxious to ensure the continuation, despite the crisis, of the monetary 
and exchange stabilisation plan which he had inaugurated in 1926 and he 
chose as his successor Júlio Prestes, a protégé of his, who was then 
governor of São Paulo.

In retaliation, the leading politicians of Minas Gerais, Rio Grande 
do Sul and Paraíba and a number of opposition politicians from the other 
states banded together in the Aliança Liberal to back the candidature 
of Getúlio Vargas, the governor of Rio Grande do Sul. Vargas was 
defeated at the ballot-box by the traditional means of fraud, bribery 
and intimidation. However, after a good deal of hesitation, the Aliança 
Liberal politicians joined with the military rebels of the 1920s and 
launched a revolution against Washington Luís in October 1930. With-
in three weeks, the political structure of the Old Republic disintegrated 
and Vargas installed himself as Head of the Provisional Government, 
assuming temporary dictatorial powers. 11

The Revolution of 1930 solved none of the problems facing Brazil. 
Vargas tried to meet the collapse of Brazil's foreign trade and the 
demands of its creditors with an orthodox policy of financial retrench-
ment and administrative reform in an attempt to achieve a balanced 
budget and stabilise the currency. The greatest problem, however, was 
that of coffee which not only created economic and financial difficulties 
but also added to the bitterness of political conflict. Vargas tried 
successive measures in an attempt to increase coffee exports and safe-
guard the interests of the politically influential coffee growers, 
introducing measures of exchange control and even flirting briefly with
Nazi Germany on the question of bilateral trade. The attempt to restore the pre-1930 pattern of trade was unsuccessful, however: the volume of coffee exports grew but prices continued at a low level.

Nevertheless, the measures to aid agriculture also helped industry by keeping up domestic demand for locally-produced goods. As it became increasingly apparent in the late 1930s that the future prospects of the export trade were not bright, the government turned to the internal market and began to consider a policy of industrialisation. Urgency was added to its deliberations by the outbreak of the Second World War, which made local self-sufficiency and domestic manufacture a matter of national survival. By the end of the war, industry had established itself in an unassailable position and despite frequent setbacks in subsequent years, the foundations had been laid for a comprehensive policy of industrialisation.

Vargas's handling of economic matters was generally orthodox and conservative. Shifts in economic policy came gradually and were the result of the pressure of events rather than of conscious governmental initiatives. The major innovations of the early Vargas years were in the field of social relations. Immediately after assuming power, the new government embarked on a policy of social legislation intended to improve the lot of the urban working class. Laws were passed setting up social security funds, regulating working conditions, limiting the hours of work and eventually establishing minimum wages. An important element in the new policy was the encouragement of sindicatos (employers' associations and labour unions). The government's original intention was to organise the workforce and discipline industrial relations, thus removing their potential for causing revolutionary conflicts. Some of its more radical supporters, however, saw the sindicatos as
instruments for creating a new political system of "class representation" which would replace the outmoded methods of liberal democracy. In place of individual rights and representatives elected by "the people" through universal suffrage, there would be a hierarchical, corporative regime with representatives elected by workers and employers through their sindicatos.

The years immediately following the Revolution of 1930 were marked by recurrent political crises. Until the mid-1930s, Vargas's political position was by no means secure. Within a year of the Revolution, a split had developed between the radical military or tentesita wing of the October revolutionaries, many of whom had vague, fascistic leanings, and the more conservative politicians who wanted a return to constitutional government. The trouble centred on the economically vital state of São Paulo, which had suffered a great loss of political influence as a result of the Revolution. In July 1932, the traditional paulista elite led the state into an open rebellion against the Vargas government. Although the military situation quickly reached stalemate and the paulistas failed to regain their former ascendancy, they succeeded in demonstrating São Paulo's continuing strength. Vargas accepted a compromise by which São Paulo yielded to his authority in return for the promise of elections to a constituent assembly which would draw up a new constitution for the country. The Constituent Assembly met in late 1933 and, after prolonged debates, promulgated a new constitution in July of the following year. The Constitution of 1934 tried to please everybody and in the end pleased nobody. It attempted to combine Brazil's traditional federal and liberal democratic regime with elements of corporativist-style class representation, social welfare provisions borrowed from the Weimar Constitution,
and nationalistic provisions on the ownership of mineral and energy resources, banking and insurance. Vargas was elected President by the Constituent Assembly and continued in power.

Dissatisfaction with the new constitutional regime and with the liberal democratic system which it represented grew apace and was reflected in the mid-1930s by the rapid growth of two extremists parties, the fascist Ação Integralista Brasileira and the popular front Aliança Nacional Libertadora. The communists made an unsuccessful bid for power in November 1935 with military uprisings in the Northeast and Rio. This gave Vargas the chance to declare a state of siege, regaining many of the discretionary powers which he had enjoyed until 1934 and unleashing a wave of repression which contrasted markedly with the lenient treatment given to the upper class leaders of the São Paulo revolution in 1932.

Vargas then had to face the challenge of the presidential election scheduled for 1938 in which, according to the 1934 Constitution, he could not succeed himself. Three candidates presented themselves: the government-backed candidate was José Américo de Almeida, who promptly alienated many of his supporters with his radical rhetoric; the other two candidates were Armando de Salles Oliveira, the conservative governor of São Paulo, and Plínio Salgado, the leader of the Integralist fascists. None of the candidates succeeded in capturing the public imagination. Vargas, meanwhile, had engineered the resignation of his principal rival, Flores da Cunha, from the governorship of Rio Grande do Sul. On 10 November 1937 with the support of the Army leaders, Goes Monteiro and Eurico Gaspar Dutra, Vargas made a pre-emptive coup d'état, closing Congress and promulgating a new authoritarian constitution.

The installation of the Estado Novo (New State), as the new regime
was called, was received with apathy in Brazil. The Congress had proved too factious and too barren in practical measures to generate any regret at its passing. Vargas immediately took measures to combat the impending crisis in the coffee and import trades, and throughout 1938 a flood of legislation poured forth dealing with a wide range of economic and administrative matters which had been held up by delays in the Congress.

The Constitution of 1937 was culled from a number of sources, being described by one critic as "a constitutional tutti-frutti in which there are mixed texts from the Weimar Constitution, the Polish Constitution of 35 and the Eire Constitution of 36". It provided for a corporative Council of National Economy to replace the Congress but, in fact, it was never put into practice and remained little more than a cover for Vargas's personal dictatorship. No attempt was made to create a fascist-style popular party but the output of propaganda was stepped up and later, as liberal opposition mounted, Vargas toyed with the idea of using his social legislation to mobilise popular support among the working classes. In practice, however, such attempts went no further than rhetoric and politics remained confined to the small circle of the civilian elite and the top military.

With the outbreak of the Second World War and the German victories in Europe, Vargas assumed an ambiguous position of neutrality; but with the increasing involvement of the United States he eventually brought Brazil firmly down on the side of the Allies. In January 1942, Brazil broke off diplomatic relations with the Axis and in August, declared war. Alone among the Latin American nations, Brazil sent an expeditionary force to Europe which fought in Italy. The war, however, eventually proved to be Vargas's undoing. The victory of the democracies, with which Brazil was allied, made it impossible to continue the dictatorship
at home. Vargas hoped to ride out the storm at the end of the war and continue as President but in October 1945, the same military who had installed the Estado Novo overthrew him and opened the way for a return to democratic government.

* * *

The 1930s marked a unique point in Brazil's history: for once it enjoyed a relative freedom to manoeuvre amongst the competing foreign or imperialist forces which were trying to mould its destiny. Brazil had come into existence as a colony of Portugal and throughout the nineteenth century was linked to Britain in a semi-colonial relationship, depending on British capital and British manufactures. With the expansion of coffee production in the late nineteenth century, however, Brazilian trade was increasingly directed towards the United States. Large-scale American investment in Brazil began after the First World War and was presenting a serious threat to British pre-eminence by 1930, although the value of British capital still far exceeded that of the United States. In the 1930s, Britain fought a rearguard action to protect its financial links with Brazil while the United States had to beat off a challenge to its trade from Nazi Germany. 16

The Brazilians were able, to a limited extent, to play off these conflicting foreign interests against each other and use them in their own interests. At the same time, they were made forcefully aware of the dangers of relying on foreign markets, capital and goodwill. Increasingly Brazilians looked in upon their own country, identified new problems and sought to find solutions to them within their own frontiers. Their slogan was "national realities" and the main theme of their argu-
ment was that "Brazil is different".

The political turmoil of the 1930s was foreshadowed by the ferment in intellectual and cultural circles in the 1920s. The growing disenchantment with the system of the Old Republic emerged forcefully in the controversial Semana de Arte Moderna (Week of Modern Art), organised by a group of modernist writers and artists in Sao Paulo in February 1922, which exploded the complacency of Brazil's cultural establishment. Poems such as Mario de Andrade's provocative "Ode ao burgues" (Ode to the Bourgeois of Sao Paulo, whom he described as "moral mashed potato") and his sentimental "Acalanto do Seringueiro" (a lullaby addressed to a rubber-collector in Amazonas) reflected the artists' dissatisfaction with Brazil's imitative foreign civilisation and their desire to come to terms with the country's native culture. 17

In a country with such a small elite, cultural movements naturally spilled over into the political arena. Intellectuals began to take an increasingly critical stand. No longer were they prepared to accept without question the ideas and morals which came to them from abroad and to apply them mechanically to Brazil. The belief in "eternal principles" embodied in the liberal internationalism and intellectual erudition of Rui Barbosa began to fall from favour and was replaced by a growing interest in Brazil's "national realities". This incipient nationalism expressed itself in the foundation of reviews, such as the Revista do Brasil (1916-25) and América Brasileira (1921-24), as well as numerous monographs by individual writers. In different ways and with differing emphasis, they all sought to throw new light on Brazil's culture and society, to analyse its problems and to suggest solutions for them.

This is not to suggest, however, that Brazilian intellectuals suddenly became nationalists overnight nor that they decided to reject
all foreign influences. Nationalism views national independence as the supreme ideal, overriding the rights and interests of individuals and the international community. Few Brazilians were prepared to go that far, although Brazil did have a long history of anti-Portuguese nativism, not to mention simple patriotism, which extended back to colonial times. Late nineteenth and early twentieth century writers, such as Sílvio Romero and Euclides da Cunha, had raised the problems of national identity and drawn attention to the backward conditions prevailing in the interior, of which the cultured elites in the cities were only vaguely aware and which in no way corresponded to their liberal ideals. Furthermore, nationalism was rapidly replacing liberalism in Europe and the intellectuals were, to a certain extent, indulging in the time-honoured Brazilian custom of replacing one set of foreign ideas by another, more modern set.

Nevertheless, nationalism proved to be more than a passing fad. This was largely thanks to the solid intellectual foundations given it by the pioneering works of Alberto Torres. Torres (1865-1917) had had a distinguished political career, first as a "historic Republican" (a republican propagandist during the Empire) and then as a state and federal deputy, a federal Minister of Justice and President of the State of Rio de Janeiro under the Republic. Late in life, he turned to political journalism and, between late 1910 and mid-1913, he produced a number of articles which he later gathered together in a rather undigested form in two books, O problema nacional brasileiro and A organização nacional, which were published in 1914, together with a project for the revision of the Constitution of 1891. Written in a rambling and disjointed style, which permits differing interpretations, these books raised many of the issues which have continued to agitate Brazilian intellectual and
political circles down to the present day, although to modern eyes, some of them seem very strange bedfellows. Torres linked nationalism to anti-imperialism, elitism and agrarianism; State intervention was invoked to aid the spread of small property, strong government to protect individual liberties.

Alberto Torres's main concern was with nation-building. Writing in a period of aggressive imperialism, he reflected the concern of contemporary European nationalists with the threat to the sovereignty of weak nations. He was less worried by the menace of a direct military invasion than by the danger posed by Brazil's own internal disorganisation, which threatened to cause the disintegration of the country and provide a pretext for foreign intervention.

Consequently, he thought that Brazil had to organise itself but to do this it faced much greater problems than older nations, which had developed slowly. "Nations which have appeared by discovery and have been formed by colonisation are social improvisations of Chance or of exceptional factors of progress". Colonial governments made invasions and conquests but they did not found nations; they were exploiters, not partners. In new nations, "society never manages to constitute itself: assimilation and integration, which evolve slowly and gradually in old countries, find few sources of encouragement".

A conscious effort, therefore, had to be made to compensate for the deficiencies of nature: "New countries need to build their nationality artificially". Thus, nationalism was an elementary necessity for a young people which had to form the structure of its political society. This required a deliberate policy:

"Modern nations, built on heterogeneous foundations, with different races, are political artefacts, which demand decades of conscious work and calm elaboration;
this work requires a programme, a plan and continuous
and persevering action".23

Only the government can do this but, unfortunately, "democracies
are unstable, impressionistic and voluble regimes", which hamper both
continuity and efficiency in government. Torres was convinced of "the
incapacity of the masses for government" and believed that "the govern-
ment can only be a function of those who are capable", advocating the
government of the people "for the people", rather than "by the people".24

Torres drew these ideas together in his project for a revision of
the constitution, appended to A organização nacional, which revealed
an anti-democratic elitism, a reaction against regionalist autonomy and
an emphasis on technical and administrative efficiency. The project
provided for increased powers of the Union to intervene in the affairs
of the states and municipalities, indirect suffrage in the elections
for the President of the Republic and the Senate, the representation
of the economic, social and cultural classes in the Senate, longer
mandates for the President and the Senate, and an Institute for the
Study of National Problems. The greatest innovation was a "Coordinating
Power", composed of life members, with wide-ranging powers to concern
itself with the elections of the President and the federal Congress,
conflicts between federal and local powers, legislation, taxation,
freedom of internal trade, transport tariffs, economic policy, conserv-
ation of the environment, health, education, organisation of labour,
credit and co-operatives, labour disputes and the rights of the in-
dividual.

The scope of the coordinating power's activities shows that Alberto
Torres thought of the constitutional revision merely as a means to an
end, which was the solution of Brazil's economic and social problems.
Indeed, although his concrete proposals were mainly concerned with political reform, his deeper preoccupations were with the economy and society, for these were the foundations on which the nation had to be built. National political sovereignty could only be based on economic independence:

"To keep the nation independent, it is essential to preserve the vital elements of nationality: its main sources of wealth, its industries of primary necessity and immediate utility, its instruments and agents of economic vitality and circulation, transport and internal trade and the maximum freedom of industry and commerce". 26

There was a two-fold threat to Brazilian sovereignty, presented by foreign capital and by foreign labour, in the form of immigration. In relation to the former, Torres developed a very advanced critique of Brazil's position in the international economy of free exchange and comparative advantage:

"Commercial exports to external markets represent the exhaustion of the substance and wealth of the brutally exploited soil; imports bring in return goods and products of merely secondary interest, which satisfy immediate needs and are nearly always short-lived and rapidly consumed. The capital which remains accumulated in the cities, in processing industries, in commerce, in buildings and in possessions, represents a small fraction of the prizes of production and is almost all unproductive". 27

As for foreign labour, Torres pointed out repeatedly the folly and injustice of attracting large numbers of immigrants who remained unassimilated, whilst nothing was done to help the Brazilian-born workers whom they often displaced.

This line of nationalism verged at times on xenophobia but Torres did not merely denounce the abuses of foreigners and the dangers to Brazil of its subordinate position; he also pointed out the internal distortions which reliance on foreign trade produced. Commercial exports of tropical produce had a disastrous effect within the country, attracting
manpower and capital into monoculture to the detriment of consumer industries and small-scale crops produced for the home market. Large estates also gave rise to a great number of poverty-stricken people, without possessions or work and subject to terrible epidemics.

Torres, however, did not think that the answer lay in a policy of industrialisation and he roundly condemned protectionism and the industries which had grown up under its shadow. Brazil "has to be, primarily, an agricultural country. It would be ridiculous to deny it this destiny, in view of its vast territory". Torres wanted to encourage the workers to return from the cities to the fields and he advocated the expansion of small farming. This would have the advantage of increasing internal trade and supplying the home market and it would also help nation-building by absorbing both immigrants and Brazilians into stable communities.

These, then, are Torres's main ideas in outline. From them stem a large number of subordinate conclusions and proposals: he condemned Brazilians' cultural dependence on European models and the obstacles to organisation posed by regionalism and party politics and he courageously asserted the value and the ability of Brazil's coloured races. Torres was not only one of the earliest Brazilian nationalists but also by far the most radical. He attracted a small number of ardent disciples but the changes which he demanded were too extreme to gain widespread popularity. His influence was not really felt until the early 1930s, years after his death in 1917, and then it was exerted indirectly through his followers and popularisers. These were influenced by Torres in two distinct ways: on the one hand, they took specific ideas and proposals from him and inserted them in their programmes and, on the other hand, perhaps more importantly, they gained from him an outlook which
enabled them to take a critical view of Brazil's present situation while expressing unlimited confidence in its future.

At the time of publication, however, Torres's writings made little impact. The great catalyst proved to be the outbreak of war in Europe in 1914. The First World War destroyed the old certainties and created a new, unstable world. The system of free international trade and movement of capital and labour was interrupted by the conflict and was never fully re-established after the war. Then came the Russian Revolution of 1917 which represented the first serious challenge to the capitalist system and the social position of the bourgeoisie. In response to the communist threat, fascism exploded on the scene, carrying away liberal democracy as its first casualty. Where communism preached class conflict and the class struggle, fascism drew on Catholic, syndicalist and conservative sources to create the doctrine of corporativism, which sought to achieve co-operation and harmony between the classes by giving political representation to economic and social interests.

The repercussions of the First World War gradually awakened a latent nationalism in Brazil. In 1917, the poet Olavo Bilac organised a campaign to promote national defence which illustrated the state of Brazilian opinion at that time: on the one hand, Bilac showed a clear awareness that a nation's defence capability depended far more on the state of its population (health, education, etc.) than on purely military factors. On the other hand, the solution which he offered was decidedly simplistic and relatively painless: all Brazil's problems could be solved by the institution of compulsory military service.

In the following years, Brazilian intellectuals were gradually to learn that the solutions to the country's problems would be neither
simple nor painless. An outstanding example of this growing awareness and greater profundity was the book entitled *A margem da historia da Republica* which a group of intellectuals published, at their own expense, in 1924. In the preface, these writers characterised themselves as the generation which was born with the Republic, acknowledged their debt to Alberto Torres and appealed to their compatriots to start thinking as Brazilians. Antonio Carneiro Leão thought that Brazil's basic problem was that of education while Gilberto Amado attacked the country's inefficient and corrupt administration and urged the need for trained elites and leaders. Pontes de Miranda launched a root-and-branch attack on Brazil's existing social and political structure and looked for a solution of its problems in a thorough-going application of science and technology and a vague form of "national socialism". Vicente Licínio Cardoso was equally critical and called for the national organisation of labour. Other prominent contributors included Ronald de Carvalho, Alceu Amoroso Lima and Oliveira Viana, while the topics covered ranged from constitutional reform to economic problems and nationalism. The book did not, however, achieve the success its authors had hoped for and the planned second edition never appeared.

Throughout the 1920s, intellectuals continued to discuss the question of Brazil's national identity. Their concept of nationalism was, however, anything but jingoistic; writers reacted strongly against the boastful vaunting of Brazil's riches known as *ufanismo*; their attitude now was critical, even pessimistic. Symbolic of this outlook was Paulo Prado's *Retrato do Brasil* (Portrait of Brazil), published in 1927, which opened with the memorable words "In a radiant land lives a sad people". The book went on to discuss at length the psychological causes of the Brazilian sadness and then, with a sudden change of tone, it ended with
a sweeping condemnation of all aspects of contemporary Brazilian life and called for a revolution in the belief that the future could not be worse than the past.

Thus, by 1930, the intellectual confidence which supported the Old Republic had been seriously undermined. There was, however, no consensus as to what should be done or even as to where the roots of the crisis lay. Ideological positions spanned the entire political spectrum from the reactionary Catholicism of Jackson de Figueiredo and Tristão de Athayde to the Marxism of the fledgling Brazilian Communist Party and its future leader, Luís Carlos Prestes. The reigning confusion is illustrated by the authors of two books, both published in 1930: on the one hand, José Maria dos Santos wrote that Brazil had no deep social or economic problems and merely needed to change its political and administrative methods, while, on the other hand, Azevedo Amaral thought that the country's main problems were in the economic, not the political sphere.

It was against this background of intellectual uncertainty and confusion that Oliveira Viana rose to eminence. Viana introduced the study of sociology to Brazil and for a while it seemed that he held the key to the country's principal problems, as we shall see in the following chapters.
Chapter 1.  OLIVEIRA VIANA: THE SOCIAL SCIENTIST.

Francisco José de Oliveira Viana was born on 20 June 1883 on the Rio Seco sugar plantation at Saquarema in the State of Rio de Janeiro. His father, Coronel Francisco José, died when Viana was aged two, leaving his widow to take over the running of the fazenda and bring up their six children. It seems that at that time the fazenda still had slaves and the abolition of slavery in 1888 was a severe blow to the economy of the whole area.2 Oliveira Viana received his primary schooling in Saquarema before moving permanently in 1897 to Niterói, where the family had a house on the outskirts of the city, in order to continue his studies. He attended the renowned Colégio D.Pedro II across the bay in Rio de Janeiro and then went on to the Faculty of Law, from which he graduated in 1905.

Viana began work as a teacher of mathematics and then set up as a lawyer, but this was not a success as he was soon not on speaking terms with his partner. At this time, he began writing articles for various newspapers in Rio de Janeiro and Niterói and became acquainted with Alberto Torres. In 1916, he began to lecture on the Theory and Practice of Penal Law in the Faculty of Law in Niterói and became interested in the sociological elements in the work of the Italian criminologist Enrico Ferri. The following year, he fell ill through overwork and went to Barbacena and Palmira in Minas Gerais to convalesce; there he was impressed by the patriarchal life of the mineiros (inhabitants of Minas Gerais).

Out of these experiences developed Populações meridionais do Brasil, Oliveira Viana's first book and the one with which he made his name.3 Written in 1917-18 and published by Monteiro Lobato in 1920,
it marked the first systematic application of the concepts of European anthropology and sociology to Brazilian history in an attempt to analyse and interpret the social origins of the national character. The ideas which Oliveira Viana raised and developed in this seminal work were, with certain modifications and changes in emphasis, to re-appear frequently in his subsequent works and to form the basis of his activity as a political publicist. The importance of the role of the rural aristocracy, the absence of social solidarity and structure in the rural areas of Brazil, the rural "clans" and the clan spirit, the conflict between centralism and local autonomy, and Viana's desire for strong central government to combat regionalism and separatism can all be found in this work.

Oliveira Viana looked at colonial Brazil and saw a predominantly rural society, centred around a rural aristocracy which drew its strength and prestige from the ownership of large estates. This type of society had not been inherited from Portugal but was a particular response to the new environment found in South America and it had left a permanent mark on the national psychology: the Brazilian was essentially a country-man.

The most important element in this rural society was the large estate or latifundio, which provided the basis for the social power and prestige of the rural aristocracy. Viana idealized this aristocracy, identifying the fazendeiro (landowner) and his predecessor, the bandeirante (pioneer explorer), with the Aryan elements in the population (whites and superior mixed-bloods) whilst the lower rural classes - the agregados (freemen) and slaves - were drawn from the "inferior" races (Indians, Negroes and inferior mixed-bloods).

As for its social function, the latifundio, because of its
geographical size and economic self-reliance, tended to simplify the rural class structure. It prevented the formation of small farms and a rural middle class whilst, at the same time, failing to create strong links of economic solidarity and dependence between the fazendeiro and his workers. The mild climate, the fertility of the land and its easy availability meant that the worker felt no pressing need to work for, and so associate with, the fazendeiro. This led to the disintegration of the feudal structure brought from Europe and its replacement by an undisciplined, unstable society which lacked any organised social structure. This, in turn, caused the formation of clans and the clan spirit.

The concept of the rural clan and its clan spirit is a key element in Oliveira Viana's thinking. The clan was formed of members of all the rural classes, who grouped themselves round the figure of the fazendeiro, and was a response to the anarchy prevailing in colonial society. The common man looked to the fazendeiro as the only source of protection against the abuses of corrupt judges, recruiting sergeants and other fazendeiros. In return for protection, the rural masses gave the fazendeiro complete loyalty and obedience. Thus, there grew up a system of political patronage which created the solidarity between the lower classes and the rural nobility that the physical and economic environment had not been able to create.

Oliveira Viana then went on to consider the political repercussions of this rural social structure. He saw a struggle going on throughout the eighteenth and nineteenth centuries in which the public powers sought to assert the authority of the central government over the local caudilhos (chieftains), particularly by attempting to eradicate the capangas (professional killers), the most obvious sign of the clans.
During the Empire, this struggle was reflected in the conflicts between the liberals and conservatives, and Oliveira Viana praised the conservatives for their courage and wisdom in advocating the centralisation of power, especially through the monarchy and its "moderating power". In this way, they had preserved national unity and prevented separatism and factionalism, caused by the excesses of liberal and democratic demagogy.

This belief in the virtues of strong central government and disregard for local autonomy was intimately linked to the foregoing analysis of the clan system. Because there was no feeling of social solidarity or common interest between groups and individuals in Brazil, local political organisation could never represent an autonomous expression of local feeling. Therefore, in contrast to Britain and the United States, local government in Brazil had no proper functions and became the instrument of private interests and the factional clan spirit. On the other hand, the governmental structure was imposed ready-made by the colonial authorities and the independent State was the creation of a small elite following European examples. Consequently, Brazil had not had a genuine political evolution and its people had not yet become conscious of the idea of a national State.

Oliveira Viana's final conclusion was considerably more sanguine than were his later writings. He considered that the power of the clans and the threat of revolution, with its attendant dangers of bloodshed and tyranny, had passed, at least in the centre-south around the federal capital, if not in the extreme south and in the north. Since independence, Brazil's leaders had made the same mistake as the Spanish American countries by following European theories which were quite unsuited to the special conditions of America, and by attaching more
importance to liberty than to authority. Yet Brazil had escaped the excesses of anarchy and separatism suffered by those countries and for this it had to thank the conservative leaders of the Empire, the gentle and peaceful nature of its people and the conservative spirit of the centre-south population which lived around the capital.

Populações meridionais revealed the two principal aspects of Oliveira Viana's writings: on the one hand, he showed an interest in the methods of anthropology and sociology, and attempted to apply them to Brazilian studies; and on the other, he aimed to use the results of these studies for the purposes of political criticism and reform in Brazil. Both of these objectives were openly avowed in the preface and it can be seen how one ran naturally into the other: Viana used his analysis of the Brazilian "grass-roots" to launch a critique of Brazil's existing political system and institutions. 5

Oliveira Viana was not the first to study sociology and anthropology in Brazil. At the end of the nineteenth century, Sílvio Romero had introduced these subjects into his works and they exercised a formative influence on the young Oliveira Viana. 6 The publication in 1902 of Euclides da Cunha's classic Os sertões had forcefully drawn the attention of Brazilians living in the cities to the backward conditions in the rural interior. 7 Then, in 1914, Alberto Torres published his critique of Brazil's political and economic system and proposed a general reorganisation of the country. Oliveira Viana drew these various strands together, systematically using sociological methods to show how the historical formation of Brazilian rural society had interacted with the country's political institutions to give Brazil its unique character.

To this work of synthesis he brought an extensive reading of
European sociology and anthropology of the more conservative variety and a lucid, readable style of writing which immediately brought his works great popularity. In the long run, however, the combination of sociological interpretation with political theorising, exemplified in the didactic tone of his writings and the frequent moralising about the present and future on the basis of the past, has had a double-edged effect on Oliveira Viana's reputation as a sociologist: in the 1920s and 1930s, when sociology seemed to hold the key to Brazil's social and political problems, Viana gained a wide audience but as his political views fell into disrepute in the 1940s, so his contribution to Brazilian sociology was also neglected and forgotten.

In the 1920s, however, Viana was a major innovator. In his preface to Populações meridionais, written in November 1918, he cited the group of new sciences which were contributing towards the understanding of historical phenomena: the anthropo-geography of Friedrich Ratzel, the anthropo-sociology of Gobineau, Lapouge and Ammon; the psycho-physiology of Ribot, Sergi, Lange and James; the collective psychology of Le Bon, Sighele and Tarde; the social science founded by Le Play and remodelled by Henri de Tourville, aided by Demolins, Poinsard, Descamps, Rousiers and Prévile. Of these, Lapouge and Le Play were particularly influential on Oliveira Viana's writings.

During the 1920s, Viana contributed a number of articles on sociology and anthropology and reviews of books on these subjects to the Correio da Manhã and the Correio Paulistano. He read intensively, keeping up to date with recent developments in sociology, as is witnessed by the lengthy lists of citations in the footnotes to his works, and extending his interests in the 1930s to include the progressive elements in North American sociological and juridical thinking and the
writings of the Italian corporativists, which he used to good effect in supporting his Labour Justice law. In his last important work, *Instituições políticas brasileiras*, he made a lengthy analysis and critique of the culturalist school associated with Oswald Spengler, Leo Frobenius, Franz Boas and others.

Yet, unlike Gilberto Freyre, who had attended universities in the U.S. and Europe, Oliveira Viana was an autodidact in sociology and showed his lack of basic grounding in the relatively limited range of his studies. He read intensively but not extensively. He himself boasted that, in order to prevent the "de-brazilianisation" of his intelligence, he only read foreign material which suited certain guidelines of his ideas and culture, and nothing more, whilst he read everything published in Brazil. Astrojildo Pereira noted that Viana seemed completely unaware of the existence of Marx and Engels, and it is clear that he never read left-wing writers, even to reject them. Economics also remained a closed book for him, despite his insistence on the importance of giving political representation to the economically productive classes. Thus Viana remained immune to a wide range of experiences and influences and limited his receptivity to a relatively small segment of conservative sociologists, racialist anthropologists and some progressive jurists.

An example of the results of such a restricted number of influences - and one of the main reasons why Oliveira Viana is so little read today - was his attitude towards the question of race. Considering the consequences to which racialist theories have led in Europe and the recent emergence of the Afro-Asian group of nations and Black Power in the United States, it is hardly surprising that Oliveira Viana's open assertion of Negro inferiority should strike modern readers as both
anachronistic and distasteful. Yet it is important not to exaggerate this element in his thinking, since it forms only a subordinate part of his more general elitism. Nor for this reason should he be placed completely outside the mainstream of Brazilian thought.

Prior to the Second World War, Brazilian intellectuals were divided on the subject of race. Sílvio Romero and Azevedo Amaral asserted the superiority of the white race, and this belief is implicit in the attitude of Euclides da Cunha, whilst Alberto Torres defended the value of Brazil's Negro and Indian inhabitants. Finally Gilberto Freyre drew these various strands together when he suggested that Brazil's uniqueness and greatness lay in the harmonious fusion of these disparate races, a theory which has subsequently become an official dogma.

Oliveira Viana's attitude towards race developed on two levels. On the one hand, there was clearly an emotional element when he described Indians and Negroes as "two ugly races" and spoke of whites seeking out the "less repulsive examples" with which to mate. One can only speculate on the psychological links between this attitude and the fact that Viana was himself, to judge by appearances, of mixed race.

On the other hand, he also took an intellectual interest in the subject and was familiar with current trends in European and American anthropology, as well as the more overtly racialist literature. The greatest influence on him in this respect was the French racial theorist Lapouge, whom he cites many times. At one stage, he even suggested that the old paulista bandeirantes were dolichocephalic Aryans, as described by Lapouge, but after a storm of criticism, he was forced to retract this suggestion. His ideas on the inequality
of races, which he did not retract, were also taken from Lapouge.

In 1933, defending his position against Artur Ramos, Oliveira Viana wrote: "The pure Negro [...] has never [...] created a civilisation", and explained that "as for the pure Negro, my opinion [...] is that, for certain superior types of intelligence, he generally reveals a lesser fertility than the Aryan or Semitic races, with which he has been in contact [...]". This did not mean that all Negroes were inferior but rather that, proportionately, they produced fewer intellectually superior individuals than did the other races. Since modern civilisation depended on elites composed of these superior individuals, the Negroes in civilised areas naturally fell into an inferior position in relation to the white groups.

Viana considered the Negroes uncivilisable because they were incapable of fully assimilating Aryan culture, even their highest members being unable to do more than merely imitate the habits and customs of the white man. The blacks' ability to rise was very limited, therefore, not only because the Negro race produced few superior individuals and because of the pressures of social prejudice, but mainly because the black man was completely insensitive to the higher aspirations which governed the outlook of the white man. The Indian was in an even worse state because he could not even imitate certain aspects of the superior civilisation, as could the Negro, for example, the desire to own land. "Our civilisation is the exclusive work of the white man. During the long process of our social formation, the Negro and the Indian have not given [...] any element of value to the upper and ruling classes, which carry out the work of civilisation and construction. Both form a passive and unprogressive mass on which the modelling action of the white man works, not always with happy results").
The negative aspect of this conclusion was somewhat mitigated by Oliveira Viana's attitude towards miscegenation and people of mixed-blood. Again, he started from a position of white superiority: "These two inferior races only become agents of civilisation, i.e. only contribute eugenic [= superior] elements to the formation of the upper classes, when they lose their purity and cross with the white man".22 But powerful individuals with an unbeatable ability to rise had come out of the mixed-blood mass, and so Viana came to the conclusion that there were both inferior and superior mixed-bloods, depending on the cultural level of their Negro or Indian forefathers, which also varied. However, the superior mixed-bloods were those who were Aryan in character or intelligence or, at least, capable of Aryanisation.23

Thus, Oliveira Viana noted an increasing "tendency towards the progressive Aryanisation of our regional groups, i.e. the coefficient of the white race in our population is increasing all the time". He produced statistics to back up this argument, including some from the early nineteenth century which showed the high mortality rate of Negro slaves, adding almost regretfully that "the abolition law of 1888 has helped to delay the elimination of H. afer in our country - because, without doubt, if kept under slavery, he would have disappeared more quickly".24

Observing the different rates of increase of the various races in Brazil, Oliveira Viana concluded that the "inferior elements" were being rapidly reduced because of the stationary situation of the Negro population, the continual increase in the flow of Aryans in recent times, and a number of favourable conditions which gave the white man greater vitality and fertility than the other races in the Brazilian environment. Not only was the numerical volume of the pure white population
increasing but ethnic selection within the mass of mixed-bloods was operating to reduce the coefficient of inferior blood and increase the amount of white blood in them. 25

Consequently, on the question of the effects of mixed-bloods, Oliveira Viana took issue with his masters, the racial theorists Lapouge and Le Bon. The latter had claimed that mixed-bloods tended to degenerate and revert to the "inferior" race, whereas Viana claimed that, in Brazil, the opposite was happening because of the continual inflow of new Aryan immigrants. Neither of the Frenchmen had foreseen how benign the Brazilian climate would prove to be for white men, and so, Viana added, when Lapouge:

"prophesies that "le Brésil constituera sans doute d'ici un siècle un immense état nègre, à moins qu'il ne retourne, et c'est probable, à la barbarie" - we have, without doubt and without the slightest irreverence, the right to smile..." 26

The tone and implications of this statement are very important in assessing the character of Oliveira Viana's racialism. On the one hand, in comparison with European racialists, who, pessimistically and somewhat illogically, thought that the "superior" race was being overwhelmed by the "inferior", Viana took the more optimistic view that the "superior" race was more than holding its own in relation to the others and that the existing situation was quite satisfactory. His attitude towards race was, therefore, though callous, a moderate, conservative one with none of the aggressive virulence or "revolutionary reaction" which characterised European racialism.

On the other hand, Oliveira Viana is not beyond the pale in the Brazilian context, either; in his attitude towards miscegenation, he is not so far from the "official" school on race relations, as now represented by Gilberto Freyre. Both, with differing emphasis, welcome
the process of miscegenation, and though Freyre himself gives due 
emphasis to the Africans' cultural contribution to Brazilian civil-
isation, the popular version of his theory, summed up by the quotation 
attributed by an approving Donald Pierson to a white Bahian, "We 
should all be kind to [the Negroes] for it is not their fault that 
they are black", reveals the same latent prejudices which Oliveira Viana 
formally asserted. Oliveira Viana's open manifestations of racialism 
are unacceptable today but, until Brazilian blacks acquire greater 
consciousness and assert their pride in themselves as blacks, his 
attitude towards race relations and the process of whitening will 
continue to illustrate an important element in popular attitudes.

In reality, though, Oliveira Viana's racialism formed only a 
small and relatively unimportant part of his thinking. Only on one 
occaasion was he able to give tangible form to it - in his draft for 
a reform of the immigration law in 1935, in which he tried to evade 
the restrictions on immigration imposed by the Constitution of 1934 
and encourage the entry of white immigrants.

Much more important than Oliveira Viana's racialism, although 
closely related to it, was his elitism. Elitism can range from 
defence of inequality to a call for efficiency, with many intermediate 
variations, and Viana explored most of these arguments in his discussion 
of Brazil's problems.

His initial position was taken directly from Lapouge and showed 
the close connection between racialism and elitism. Viana asserted 
that the value of an ethnic group could be measured by its greater or 
lesser fertility in breeding superior types. These were the men who 
stood out in any society and who directed the masses, moulding the 
consciousness of the great majority of individuals, who had no
personality. Although even the lowest human races produced some superior types, what distinguished them was the greater or smaller number of such individuals. Therefore, he concluded:

"When two or more races of unequal fertility in superior types are placed in contact in a given environment, the less fertile races are condemned [...] to be absorbed, or at the very least, dominated by the race with greater fertility. The latter breeds the masters, the former the servants; the latter the ruling oligarchies, the former the passive, resigned majorities". 32

Thus, looking back at colonial society, Oliveira Viana saw the rural and social classes corresponding to race: the negro slaves, the mixed-blood tenants and the white masters; and he praised the upper classes for preserving the purity of their Aryan character. 33 In a later book, he attributed the formation during the Empire of an elite of great men, imbued with a spirit of patriotism and service to the nation, to two factors: the birth within the popular mass, through a combination of inherited eugenic factors, of superior individuals, and the selective mechanism which the Empire organised, allowing these superior men to remain permanently in the service of the country. 34

In the meantime, Oliveira Viana showed that he was not merely interested in a static, aristocratic society but was also abreast of more modern elitist ideas. In a series of articles entitled "O Problema das elites", published in the Correio da Manhã in 1925-26, he discussed the ideas of Pareto and Mosca and tried to apply the theory of the circulation of elites to Brazil. He could find only two examples: the declaration of independence in 1822 and the replacement of the monarchy by the republic in 1889. 35

However, the bulk of the articles was devoted to an analysis of the political elite of the Old Republic. Viana noted the overwhelming
predominance of the liberal professions over other classes in the composition of Brazil's political and governmental elite as compared with that of Britain. He thought the reason for this was that the liberal professions had a monopoly of higher culture; agriculture, commerce and industry were considered of low social status, and so the most intelligent and cultured elements of their elites abandoned them in order to join the intellectual elite or the political elite, changing their outlook in the process. The economic classes thus lacked leaders endowed with trained minds and so were politically subordinate to the intellectual elite of the liberal professions, despite the fact that they possessed the power of numbers and wealth.

Another reason for the political inferiority of Brazil's economic classes was their lack of associative spirit, which prevented them from electing their own representatives. However, the movement of their superior elements into the political class was not an example of the circulation of elites because they did not bring in a new outlook but adapted to the old one prevailing in the political elite.

Viana's analysis failed to take into account the influence of family background and social relations in creating an awareness of class interests but it was an interesting explanation of bacharelismo (the predominance of law graduates in politics) and the obsession with legal formulas which he described as "utopian idealism". In Viana's eyes, this was one of the great weaknesses of Brazil's ruling class and it underpinned his increasing interest in systems of class representation, consultative technical councils and, ultimately, corporativism.

Later, however, he turned what he basically considered a weakness into an advantage when he attempted to refute the Marxist interpretation
of society. He argued that a "bourgeois State" had never really
existed in Brazil because the bourgeoisie had always held themselves
apart from politics. Parliament and the government were always in the
hands, not of the bourgeois, but of bacharésis and politicians, who
formed a marginal class: by virtue of their way of life, outlook,
ideas and social status, they belonged to the rich bourgeois class but
the transitoriness and insufficiency of their earnings and pecuniary
resources also placed them among the so-called proletarian classes.
Brazil could be defined as a State whose administration was carried
out by an intellectual proletariat, qualified by its position in
government. Viana believed that this situation had enabled Brazil to
solve its social problem without conflict: the political elite
constituted a class which was naturally neutral in the latent antagonism
between the rich and the working classes, since it legitimately belonged
to both. 36

Oliveira Viana's elitism was most progressive on education. In
an essay published after the Second World War, he defended the concept
of elitism, defining elites as the governing cadres (quadros dirigentes)
of each class or group and urging the importance of giving them secondary
and higher education adequate to the requirements of an increasingly
complex world. 37 A practical example of this outlook was the idea of the
sindicatos as mechanisms for training an elite of experienced adminis-
trators, which he put forward during the controversy over his Syndical
Law. In stressing the need to allow the most competent elements in
each group to rise to the top with the aid of education, Viana embraced
the modern elitism of "meritocracy" or "equality of opportunity".

Meanwhile, in 1922, two years after its original publication, a
second edition of *Populações meridionais* came out, thus emphasizing the enormous popularity which led the historian Capistrano de Abreu to exclaim: "Oliveira Viana spreads like an epidemic". This popularity was the result not only of the novelty of Viana's ideas but also of the clarity and vigour with which they were expressed. Unlike Alberto Torres (or Roberto Simonsen, for that matter), Oliveira Viana is an immensely readable and enjoyable writer. His style is seen at its best in two articles which he wrote about Minas Gerais, one an affectionate evocation of patriarchal family life and the other a delightful description of a journey through that state in 1927, which is not without its touch of humour, as when he notes that: "It was in this state of mind that I alighted in Ponte Nova, at 7 o'clock at night, from inside a goods wagon - because the rest of the train (in accordance with the traditions of the Central Railway) had run noisily off the rails in the middle of the journey".

Oliveira Viana's works are imbued with nostalgia for the past, for the Empire and for the rural aristocracy on which it rested, yet he also sings the praises of the modern age (the cars, the Ford agency, the cinema and the glossy magazines which were beginning to penetrate into the interior). He is anything but conservative in his use of language, as when he uses a racy foreign expression to describe the sudden transition from the aristocratic colonial system to democracy and universal suffrage under the Empire, calling it a "sorte de looping-the-loop político", while in one unconsciously anachronistic phrase, he calls the proponents of a harsh military dictatorship "black gorillas"!

Sociology was one aspect of Oliveira Viana's work. Politics was another. His books are full of vigorous comments on politics, yet the tone of his writings was quite at variance with the personality of the
man. A bachelor, he lived with his sister and nieces in the family house on the outskirts of Niterói; all the descriptions of him emphasise his shyness and modesty and his preference for a life of seclusion and withdrawal. In spite of his interest in politics, he never took any active part in political life, raising his hands in horror at the very thought. His attacks were directed against political institutions and customs and were usually couched in general terms. He rarely stooped to mentioning political personalities and by thus holding himself above the common run of Brazilian political journalism, he managed to avoid the worst vicissitudes of that hazardous metier. So it is to politics and to Oliveira Viana, the political publicist, that we now turn.
The ferment in the intellectual and social sphere which characterised the 1920s was repeated in the political arena. Throughout the presidency of the highly unpopular Artur Bernardes (1922-26), Brazil was governed under a state of siege and in 1926 the Constitution of 1891 was reformed to strengthen the authority of the executive power. Meanwhile, the middle and lower classes sustained a messianic faith that Luis Carlos Prestes and the other tenente heroes of the Prestes Column would return to drive out the corrupt politicians and save the country, a faith that was nurtured and exploited by early populist politicians in the Federal District such as Mauricio de Lacerda and Irineu Machado. 1

From the mid-1920s on, dissident members of the upper and middle classes joined in the onslaught on the Old Republic. 2 They, too, had decided that it was time for a change but the solutions which they offered to Brazil's problems were decidedly simplistic. Their main efforts were directed towards the foundation of the Democratic Party, which was to struggle to put the democratic and liberal principles enshrined in the Constitution into force by instituting the secret ballot and other electoral safeguards, as well as by finding means to solve the social question. 3 In particular, the secret ballot came to be regarded as a magic formula which would solve all the problems, although the idealism of those who advocated it was often tempered by a calculated regard for their own supposed interests. 4

It was against these facile solutions of the liberal reformers that Oliveira Viana took up arms: indeed, his entire intellectual position may be summed up with the words "anti-liberalism". Nevertheless, there was a certain caution in his rejection of liberal democracy, especially in the 1920s. He did not condemn the notion of democracy as such - indeed, he lavished praise on its functioning in the "Anglo-
Saxon" countries (Britain and the United States), where it originated- but rather, he tried to show that it was quite unsuitable for the conditions prevailing in Brazil.

The essence of Oliveira Viana's case against liberalism in Brazil was that it failed to take account of the realities of Brazilian society as it then existed. Consequently, the mechanisms of liberal democracy not only failed in practice to produce the results which, theoretically, they should, but they also produced some quite unexpected results. Viana argued that, on the one hand, because of the peculiarities of its historical and social formation, Brazil lacked the organised public opinion which was the very foundation of the liberal representative system, while, on the other, the emphasis on local autonomy and self-government encouraged regionalism and threatened national unity.

Therefore, Viana urged the need to make Brazil's political institutions correspond to its national reality, deriding the simplistic notion that the mistakes and confusion which had characterised the republican regime were the fault of the men who operated it. Instead, he explained that they were the consequence of the deficient and rudimentary political abilities of the popular masses, who were basically responsible for the direction of the country under the system of majority rule. In these circumstances, the deformed way in which the Constitution of 1891 had been worked was the only way in which it could have been worked. It was not enough simply to want to work the Constitution properly nor to find "great men" who could do so, because the real problem was caused by the attempt to imitate foreign institutions.

Oliveira Viana explained why these foreign models had failed to work in Brazil in the essay O idealismo na evolucao politica do Imperio.
e da República, written in 1922 to commemorate the centenary of Independence, in which he made a distinction between "utopian idealism" and "organic idealism". Utopian idealism was based on general theories and principles and did not take the facts gained from experience into account, while organic idealism arose from reality, rested on experience and was guided by observation of the people and the milieu.

By imitating European and North American models (constitutionalism, parliamentarianism, federalism, etc.) Brazil had practised only utopian idealism, never organic idealism, so it had not been able to organise its people socially and politically in more than a century of independence.

He was careful to explain that these political ideals were not at all utopian in their origin, for the United States and England were centres of the purest organic idealism. The ideals of each of these peoples always represented a vision of their future evolution; they were living, objective and concrete, coming from deep within their collective life. These organic ideals, represented in their political institutions, only became utopian when transplanted to other peoples and applied to other societies with a different structure and mentality from that of the English-speaking peoples.

The political and constitutional constructions of Brazilian liberal dreamers failed because they did not give due importance to the phenomenon of the patriarchal clan as the basis of Brazil's whole social and political structure. The clan spirit manifested itself in public and administrative life as político (politicicking); in every Brazilian there was a latent poliqueiro (intriguing politician) because he was a member of a clan. When the idealism (or Quixotism) of Brazilian dreamers
came into conflict with the clan spirit, it was inevitably beaten because the clan spirit was more deeply rooted, more lively and more energetic. This was the reason for all Brazil's constitutional failures. Consequently, any political reform had to seek to organise a group of specific institutions which would neutralise or reduce the influence of the clan spirit.

To give two concrete instances of the naivety of the "utopian idealists", Oliveira Viana cited the attempts to raise the Territory of Acre and the Triângulo Mineiro into states, despite their primitive social structure.7

The most striking example of the conflict between utopian idealism and Brazilian reality was, however, the question of an organised public opinion. As Oliveira Viana explained in the chapter which he contributed to A Margem da Historia da Republica,8 the existence of such a public opinion was the fundamental premise on which was based the entire liberal democratic mechanism of the republican regime - universal suffrage, the organisation of parties, the election of representatives and the President, and the local autonomy of the states and municípios (counties) - yet in Brazil this public opinion did not exist. In the United States and Britain, on the other hand, public opinion was well organised and pressure groups were able to force the government to attend to their collective interests and thus foster the general interests of the nation.

The situation in Brazil was quite different from that in the English-speaking countries.9 In Brazil, the economic and social groups had no sense of class solidarity, only a rudimentary organisation and no awareness of their collective interests. Brazilians adopted a passive attitude towards the government, trusting in its spontaneous
action rather than attempting to force it to look after their collective interests. This created a vacuum, and so Brazilian governments ended up being dominated by the factious clans, which were the only organised groups to make themselves heard. Thus, the defects of the republican regime - the monopoly of power by small political groups, the "packed" legislatures and the subordination of the legislative and the representative bodies to the executive power - could all be attributed to the absence of the discipline exercised by an organised public opinion.

The answer, Viana continued, was to organise public opinion, but this required more than a few simple constitutional or political reforms. The bulk of the national electorate was formed by the rural population, nine tenths of whom were pariahs who were entirely dependent on the great landowners and had no awareness of their political rights. Therefore, the most efficient ways to ensure the independence of public opinion would not be universal suffrage, direct elections, the secret vote or local self-government, but economic and social reforms such as the establishment of smallholdings, a system of long-term or freehold leases, the diffusion of a corporative spirit and co-operative institutions, an efficient judiciary organisation and an autonomous magistracy capable of standing up to the local despots.

Thus, Oliveira Viana came to the conclusion that the solution of Brazil's political problems and the attainment of democracy depended upon a series of economic, social and judicial reforms. The logic of this conclusion was irrefutable, but to continue in this direction must inevitably lead him to propose far-reaching changes, particularly in the system of landownership, which formed the basis of the entire structure. Viana himself had shown that the great rural
estates were responsible for the evils of the clan system, yet he also regarded them as the fundamental element in the formation of the national character and, as the son of a fazendeiro, he felt an emotional attachment to the old patriarchal way of life epitomised by the great latifundio.

He, therefore, came face to face with the dilemma of reform. In the final analysis, however, it was the dilemma of the liberal reformers which he highlighted: what price were they willing to pay for democracy? For Oliveira Viana himself, the dilemma was much less acute: he was, at best, sceptical about the benefits and desirability of democracy and instinctively inclined towards a conservative solution. However, he never fully explored or resolved the basic problems of reform in his works. Instead, he adopted an ambiguous position, praising the great landowners while condemning the clan system which they operated, and concentrated on technical reforms in the mechanisms for expressing public opinion. So his vitriolic attacks on political parties and his interest in substitutes for them, such as technical councils, sindicatos, class representation, were, in effect, a means of avoiding the need to answer basic questions, and thus tacitly bolstered the status quo.

Consequently, Oliveira Viana reserved his most vehement criticism and spectacular invective for the political parties, an easy target in Brazil, whose language is extraordinarily rich in derogatory words for politics and politicians, delightedly quoting Nabuco's description of parties in Brazil as "co-operative employment agencies and insurance policies against destitution". Unlike parties in the English-speaking countries, Brazilian parties were "nothing more than simple clans, more or less organised and more or less extensive, which struggle to conquer power for the exclusive purpose of exploiting the country bureaucratically
for the benefit of their members". They had no genuine ideas or programmes, did not represent collective ideals or the public interest, and were merely associations of private or regional interests concerned only to conquer or stay in power. Thus, factionalism and personalism pervaded politics at every level, resulting in damage to national interests at the top and in abuses and injustice at the local level.13

Viana's other line of attack on liberalism concerned the question of national unity. Given the vast size of their country, Brazilians have always regarded the contrast between the preservation of their unity and the disintegration of the Spanish American empire with a mixture of pride and apprehension. With Oliveira Viana, this theme became an obsession. He feared that the liberal republicans, in their anxiety to imitate the local autonomy characteristic of the United States' federal regime, would encourage regionalism and separatism, to the detriment of the geographical and moral unity of Brazil as a nation.14 The basic problem was, once again, the absence of a collective consciousness or organisation among the rural population:

"As long as there are no local common interests, local government has no real function of its own. Once it is created, it is transformed naturally into an instrument of private interests, a powerful weapon imprudently placed in the hands of village caudilhos. This is what our fierce, and nearly always bloody, local struggles to control the councils have proved over and over again".15

To counteract these pernicious results of the practice of liberalism in Brazil, Oliveira Viana raised the rallying cry of "national unity". As he himself said at the end of his life, all his books were shot through with a dominant leitmotiv: "the idea of unity and centralisation as a means of organising the Nation".16 In an early article, he called for the "definitive integration of the nation" by emphasising the need for political unity, administrative continuity and the supremacy of the
central authority. These objectives were to be achieved principally by strengthening the executive and judiciary powers while reducing the role of the legislative. Oliveira Viana summed up his aims with a slogan demanding the "solid and stable organisation of liberty, principally civil liberty, by means of a solid and stable organisation of authority, principally federal authority".

The call for a strong, authoritarian government to protect the civil liberties of the individual seems, at first sight, paradoxical. Yet, given Oliveira Viana's analysis of the practical results of liberalism at the local level in Brazil, it is, in fact, quite logical and forms a part of his thinking which should not be underestimated.

Throughout the 1920s and early 1930s, he pressed for reforms in the judicial system, explaining that the "main problem of liberty in Brazil is not that of political liberty, as we have been thinking for the last hundred years - but rather that of civil liberty". Civil liberty was more important than political liberty and could exist without the latter, as in the government of a "good tyrant", but a regime of political liberty could not exist without civil liberty; therefore, the organisation of justice was one of the main ways of making democracy a reality in Brazil. Consequently, he urged that the Supreme Federal Court be granted autonomy and the right to organise the country's judicial system, freeing it from the factionalism of the politicians in power.

Thus the two lines of Oliveira Viana's assault on liberalism in Brazil came to coincide: on the one hand, the theoretical basis for a liberal democratic regime was lacking in Brazil because of the absence of an organised public opinion; on the other, the practical consequences of an excessive local autonomy threatened the very fabric
of national unity. Consequently, a strong federal government was needed
to control the forces of regionalism and to supply the discipline
normally provided by public opinion. At the same time, new channels
of public opinion, suitable to Brazil's conditions, should be developed
in order to provide a substitute for the mechanism of universal suffrage
and to ensure that the government both represented the interests of
the various groups and classes composing society and was able to devise
technically efficient solutions to Brazil's problems.

In urging the need to create new channels of public opinion,
Oliveira Viana was clearly influenced by the anti-liberal ideas
emanating from Europe, which culminated in the fascist ideologies of
the 1920s and 1930s. In the mid-1920s, he argued that:

"In a true democracy, the preponderant influence should
be that of the economic classes, the classes which
produce and which, in sum, are also the classes which
pay: without this, democracy is not possible".19

The problem of Brazilian democracy was that it was based on individuals,
not on organised classes. So Viana fought against both the theory and
the practice of liberal democracy by urging Brazil's economic sectors
(agriculture, commerce, industry and later, when he was in the M.T.I.C.,
labour) to develop a spirit of association and form powerful organisa-
tions which would be able to communicate their collective interests
to the government and, in case of necessity, even to impose their point
of view on the public authorities.

In the mid-1920s, he was already noting that business and industri-
rial interests in São Paulo had gone directly to the President in
order to secure changes in a recent tax law; he urged the newly-
founded Democratic Party to concentrate on organising the economic
classes so that they could exercise the influence which they deserved.20
The counterpart to this, on the government's side, was the creation of a network of technical councils which would allow legislators and administrators to sound out the opinion of these organisations of economic interests and gather information from them.

Arguing the case for technical councils in the late 1920s, Oliveira Viana showed himself at his most progressive, well aware of developments in the methods of modern government and of their implications for traditional ideas about political institutions. He noted the importance of technical experts in giving advice and solving the problems of government, and concluded that the proliferation of economic councils in European countries demonstrated the technical incapacity of political elites to carry out the work of administration and government. The cycle of omniscient parliaments was over: technical ability was replacing parliamentary procedure.

Turning to Brazil, Viana observed the failure of the country's social classes to participate in the drafting of laws and in administration. He considered this a double mistake because not only were the laws technically unsound, but they also failed to obtain the moral support of the people, which was an error of political psychology. Consulting the social classes both created wise laws and attracted the indispensable interest of the masses. Brazil must follow the European trend and find a permanent way of making its legislative and administrative centres more accessible and more susceptible to the influence and interests of the other classes, particularly the productive (entrepreneurial) classes.

Oliveira Viana described the technical councils which already existed in Brazil at that time (mid-1920s), suggesting that the government should consult them regularly, and that no legislation or
regulation should be drawn up until the technical councils had discussed it with the interested groups and the class associations of the whole country. This was the way towards democracy, rather than struggling, "even with weapons in our hands", to elect deputies to Parliament.

Despite the progressive aspect of Oliveira Viana's thinking, represented by his emphasis on the problem of public opinion - an aspect which he later used to defend himself from accusations of being anti-democratic - he rapidly built up for himself a reputation as a reactionary during the 1920s. This was partly the result of the anti-liberal tone of his writings and partly because, viewing democracy in Brazil as, essentially, "a long-term ideal", he urged his compatriots to content themselves, in the meantime, with the existing situation: "with the government of the people by rough oligarchies, which all spirits capable of idealism should struggle to transform into enlightened oligarchies".

The culminating point was reached with the collection of articles which Oliveira Viana published during the presidential campaign of 1930 under the title of Problemas de politica objective. Though Oliveira Viana later disclaimed any political intention, the book revealed a deliberate desire to "épater le bourgeois" in its assault on the sacred tenets of liberal democracy. The clearest example of this was an article which lauded the results of the United States' intervention in Haiti. Viana contrasted the anarchy and injustice prevalent in "free Haiti" with the efficiency of the administration, policing, health and education services in the Haiti "enslaved" by foreign domination, concluding ironically that this contrast was "the finest lesson which American pragmatism could give to the eternal idealists of the sovereignty of the people and of the principle of
Given the political situation at the time of publication, such anti-liberal sentiments were interpreted as a defence of the status quo and a token of support for the Júlio Prestes candidature. The Jornal do Commercio complained that when "our usurping politicians find it more comfortable to be reactionaries, it is a pity that a great spirit like that of Sr. Oliveira Viana should decide to give them the prestige of his support". Viana was thus caught off balance by the Revolution of October 1930, in which he took no part.

It is something of a surprise, therefore, to find that Oliveira Viana's prestige and influence were never higher than in the years immediately following the Revolution of 1930. In June 1931, Santiago Dantas wrote from São Paulo asking Oliveira Viana to contribute to the newly-founded review A Razão and in October 1932, a similar request came from Alceu Amoroso Lima of the right-wing Catholic A Ordem. In June of the same year, Plínio Salgado wrote to Oliveira Viana about the Sociedade de Estudos Políticos and his plans for founding the Ação Integralista Brasileira, asking him for a word of support, while, at the same time, the Rio businessman João Daudt d'Oliveira was requesting a programme for his Economist Party.

Recognition also came from official sources: Oliveira Viana accepted an offer in 1931 to join the Consultative Council of the State of Rio de Janeiro, and in March 1932 he was appointed Juridical Consultant to the Ministry of Labour. The following year he took part, as a member of the Itamarati Commission, in drawing up the draft Constitution which was presented to the Constituent Assembly of 1933-34.

The most important of the groups to be influenced by Oliveira
Viana in the years immediately following the Revolution of 1930 were, however, the tenentes. This amorphous group of military radicals and their supporters had joined with the opposition politicians of the Liberal Alliance to overthrow the Old Republic and sweep Vargas into power. Dissension was not long in coming, however, and the years 1931-32 saw a steady polarisation of the two groups, marked by the break of the Democratic Party of São Paulo with the tenente interventor, João Alberto, the wrecking of the Diário Carioca, the resignation from the government of Lindolfo Collor, Maurício Cardoso and Batista Luzardo, and, finally, the Constitutionalist Revolution which broke out in São Paulo in July 1932.

As opposition to Vargas's Provisional Government grew among the traditional political elites, the tenentes tried to strengthen their hold on power, organising themselves into the 3rd of October Club and calling for the prolongation of the dictatorial regime. Meanwhile, their opponents were arguing for a rapid return to constitutional government in order to restore the position of the traditional politicians and preserve local autonomy and "states' rights".

To counteract this argument, the tenentes were forced to develop an ideology and define their own position. But, in doing this, they faced a serious difficulty: while wishing to present a progressive, reforming image in contrast to the conservative defenders of constitutionalisation, they were equally anxious not to go to the other extreme associated with their former leader, Luís Carlos Prestes, and be tarred with the "communist" brush. They, therefore, turned for intellectual support to the two writers who seemed to them to contain the required mixture of progressive and conservative elements and who offered concrete solutions to Brazil's political and social problems: Alberto
Torres and Oliveira Viana. Thus it was that Oliveira Viana, who, in the 1920s, had seemed to be an unmitigated reactionary, came to be associated, in the changed political situation of the early 1930s, with the progressive elements of the October revolutionaries, represented by the tenentes.

This tendency revealed itself on a superficial level with the constant repetition of the cliché "national reality" which, as one acute contemporary observer, Azevedo Amaral, noted, became a leitmotiv of the period. In their programmes and manifestoes, the tenentes consistently identified the political and administrative system instituted by the Constitution of 1891 as one of the main causes and the greatest obstacle to the solution of Brazil's political, economic and social problems, demanding that the Constitution be reformed in accordance with "national realities". They also attacked regionalism and called for the strengthening of the central government. A distrust of universal suffrage and the political ability of the Brazilian masses revealed an elitist mentality. The tenentes were bitterly critical of the latifundios and advocated support for small farms and businesses. They attacked protectionist tariffs and "artificial" industries and favoured a policy of social justice and labour legislation. Their nationalism made itself felt in their condemnation of foreign capital and imperialism and, in some cases, of foreign immigration. Finally, they shared with Vargas a rhetorical style emphasising work, labour, concern with economic matters and an emphasis on efficiency.

The origin of the ideas contained in the tenentes' critique of Brazilian society is clearly seen in the writings of Virginio Santa Rosa.
His book *Desordem*, written at the end of 1931, contained frequent references to both Torres and Viana and showed the influence of their writings, both in the problems which he identified as the cause of Brazil’s troubles and the solutions he proposed for them. He castigated the clan spirit prevalent in Brazil, condemned democracy for stimulating the regionalist spirit and weakening the principle of authority and called for the federalisation and autonomy of the judicial system, the restriction of states’ autonomy, a strong government with an organised, conscious public opinion, technical councils and national unity.  

Santa Rosa, like the more radical tenentes, was, however, also influenced by the trend towards fascism in Europe and went considerably further than Oliveira Viana, demanding a dictatorship to organise the country, class representation in parliament through the sindicatos, government intervention in the economy and, above all, a campaign to destroy the latifundio system.  

Consequently, Oliveira Viana, who had, earlier, in a book on the fall of the monarchy, sharply condemned the intervention of military men in politics and who, in any case, never took an active part in political life, did not become directly linked with the tenentes. Nevertheless, in 1932, Juarez Távora, one of the leaders of the tenentes, asked Oliveira Viana, through an intermediary, to draw up a programme for the revision of the Constitution of 1891. The resulting work was a disappointment to the tenentes, revealing as it did Oliveira Viana’s fundamentally conservative outlook and his concern to moderate their more radical excesses. Yet, both this programme and another which he drew up at roughly the same time for João Daudt d’Oliveira’s Economist Party, provide the most systematic exposition of Oliveira Viana’s concrete proposals for change.
Oliveira Viana's suggestions for reform were set out in detail in the two programmes which he drew up in 1932, one for the group of tenentes led by Juarez Tavora and the other for Joao Daudt d'Oliveira's proposed Economist Party in the Federal District. In the former programme, Viana proposed restrictions on regional autonomy and the strengthening of the federal executive and judiciary, together with a reduction in the popular elective aspects of government and an increased emphasis on technical efficiency. In the latter, he urged the need to improve the representation of economic interests in the political arena and showed the degree to which he was willing to countenance economic and social reform.

In his programme for the revision of the Constitution of 1891, Oliveira Viana began by emphasizing his conservative outlook. He recognised that societies evolved very slowly, that legislators had little power consciously to change them and that the new Constitution had to take into account the pressure of historical antecedents, such as traditions, customs, feelings, beliefs, etc.

"Therefore, my political thinking goes against modifications of a radical character in our social structure and large-scale innovations in our system of civil laws, and I will only accept, as points of revision, those modifications which I feel are acceptable to popular sentiment."

Viana thought that they should take the Constitution of 1891 as the point of departure and suggested a series of changes intended to alter the distribution of power in the existing federative structure. He sought to reduce the degree of decentralisation by denying, in theory, any exclusive rights to the states in the face of the Union and by recognising only those rights which the Union granted them for
the better management of local interests. Thus he transformed the old concept of a federation of states into the more rational concept of a decentralised organisation of the country. No state would be able to invoke the rights of its autonomy or the defence of a local interest in order to prevent an action to protect the general or national interest from being carried out within its territory, for a state, like a citizen or a class, could have no rights against the Nation.

Therefore, only those states which had the financial ability to do so should have the right to administer local affairs; in the others, the Union should make up the budgetary deficit and this financial aid should give it the right to intervene, controlling or taking over the services run by the state or even depriving it of its autonomy.

Having provided for an increased ascendancy of the federal power over the states, Oliveira Viana then went on to suggest changes in the balance of power within the central government. He proposed the creation of a new body with life membership to be called the National Council, which was to control and coordinate the other powers of government. This council was to be endowed with deliberative, consultative and judicial functions, including the right to decide on federal intervention in the states, veto certain acts emanating from the other political powers, resolve conflicts between the various branches of the Union and the states, give an opinion on draft laws, pass judgment on members of the Supreme Court and other members of the magistracy, and control the number of deputies composing the Federal Chamber and the amount of their allowances. The Council was to be composed of 15 to 21 members chosen from among the most eminent personalities of the country, who were to be elected by a select body of electors composed of members of the
National Council, the federal Audit Tribunal (Tribunal de Contas), the Supreme Court and as many members of the Federal Chamber as there were states; former Presidents were automatically to be considered members of the National Council.  

He also proposed a reform of the audit tribunals of the Union and the states, turning them into autonomous bodies whose members would be assured of their independance. They would exercise administrative, consultative and jurisdictional functions so that they could become a force of effective and efficient control over the gathering of taxes and budgetary expenditure at all levels of government.

Turning to the legislative branch, Viana proclaimed his lack of respect for Congress but recognised that the popular masses and the elites still considered it the symbolic expression of political liberty. Therefore, he intended to preserve the Federal Chamber with its existing functions, while abolishing the Senate. In order to prevent some of the more notorious abuses of the Old Republic, he advocated the prohibition of the re-election of federal and state deputies, measures to prevent nepotism and the monopolising of elective positions, and external controls over the fixing of subsidies for deputies.

As for the judicial system, Oliveira Viana came out against the continuation of the dual federal and state magistracy and proposed the unification of justice and judicial procedure, making both the responsibility of the Union and granting only regulatory powers to the states. He also thought that the Supreme Court should be empowered to declare federal and state laws unconstitutional as well as to nullify any acts of the federal, state and municipal powers, that magistrates should be moved regularly and that regional courts should be set up.
Other proposals concerned the need for a strong executive power. Viana advocated increasing the mandate of the President of the Republic to seven years and that of the presidents of the states to five years. However, he also thought it necessary to reduce the personal power of the President and ensure his responsibility, proposing a series of restraints on the activities of the executive power; these were to be exercised by the Supreme Court, the Audit Tribunal and the National Council. He also suggested that the President of the Republic should be elected by a select body of electors composed of the incumbent President of the Republic and his Ministers of State, the members of the Federal Chamber, the National Council, the Supreme Court and the regional courts, the federal and state audit tribunals, the presidents of the states and their secretaries of state and the members of the state Legislative Assemblies, claiming that this "small electoral minority, because of the position and posts which it occupies, seems to me to represent, in truth, the will and judgment of the Nation better than the unconscious majorities in the interior and in the cities". 6

Other proposals included the creation of technical councils, a reduction of the "spoils system" in the appointment and dismissal of functionaries, measures to guarantee the civil liberty of the citizen in the interior and changes in the electoral system. With regard to the latter, he suggested that the magistrates should supervise all stages of the electoral process, that the federal government should lay down a uniform legislation for all elections and that a restricted franchise should be introduced in the elections for the presidencies of the states, state and federal deputies, reserving a generalised suffrage for elections to the municipal councils. A
further step in the direction of elitist government was his proposal to create a distinction between the right to elect (*jus suffragii*) and the right to be elected (*jus honorum*), establishing more rigorous conditions of culture and moral suitability for the latter.

Finally, he advocated a restriction of local autonomy by giving state governments ample scope to intervene in the affairs of the *municipios*, urged the importance of reforming the educational system in order to produce an elite which would be able to constitute a competent ruling class, rejected any socialisation of the means of production while supporting the introduction of social legislation, and pressed for a remodelling of the system of taxation, giving a greater proportion of the revenue to the Union.

Such were the concrete measures which Oliveira Viana proposed in order to strengthen the authority of the central government. His other main preoccupation, that of constituting new channels of public opinion, was developed in the programme which he drew up for the Economist Party. In Viana's view, the main objectives of the Economist Party should be to organise the productive classes by means of Associations, Centres, Leagues, etc; develop in the economic classes an awareness of their unity and form an elite by improving the technical knowledge of the landowners, industrialists and merchants.

The Economist Party was to be a corporative organisation acting in the political sphere. It would not be a confederation of the economic classes but, rather, a party organisation, placed above these, which aimed to serve their interests and aspirations, while they, in turn, provided its permanent sources of opinion. What should characterise the Economist Party was not the professional or social origins of its members but the exclusively economic aims of its political action.
Thus it would accept members from outside the economic classes, including from the liberal professions, but only in a subordinate role: the leadership was to be in the hands of men belonging to the economic classes.

The Economist Party should struggle to develop the social organisation of all the productive classes of the country, from the local to the national level, in order to create permanent centres of organised opinion. Consequently, it was in favour of technical councils, and especially, economic councils, functioning alongside the executive and legislative powers in the municipios, states and Union, and constituted according to the principle of class representation. They must, however, obey two vital principles: on the one hand, their members should be elected by the classes themselves and on the other, the public powers should be compelled to consult them.

This was intended to develop in the economic classes an interest in the administrative and political aspects of economic questions as well as an awareness of their own importance as centres of political influence. At the same time, it would encourage a closer relationship between the productive sectors and the ruling classes. It was hoped that this would give the economic classes a consciousness of their political and social importance as well as their economic role, a taste for public affairs and the habit of dealing with the public powers and the men of government.

The rest of the programme was devoted to a series of measures intended to improve the efficiency of the economy and prevent the further loss of export markets for Brazil's agricultural products. Oliveira Viana suggested that the Economist Party should encourage the spread of co-operatives, especially for credit and sales; the syste-
matic application of the processes of rational and mechanical agriculture, including the use of machines and fertilisers, the selection of seeds and the standardisation of agricultural products, particularly export ones; the foundation of agricultural schools and the organisation of short- and long-term credit. Further points were a strong defence of the latifundio, permitting expropriation only in very limited circumstances, support for foreign capital and foreign immigration, and a discussion of the means to develop agricultural credit. The programme ended with a call to raise the social prestige of businessmen vis-à-vis the liberal professions by founding commercial academies, technical schools and economic faculties in order to improve their intellectual and technical potential.

Oliveira Viana raised and developed some of these points in a number of amendments which he proposed to the draft Constitution drawn up in the Itamarati Commission in 1932-33. On the question of decentralisation, he suggested that Article 65 of the Constitution of 1891 should be altered so as to attribute to the Union every and any right or power which was not expressly or implicitly conferred on the states, instead of the existing wording which attributed to the states any power or right which was not denied to them by a clause in the Constitution.

He again rejected the election of the President of the Republic by direct universal suffrage or by the National Assembly (the Itamarati draft's equivalent of the federal Chamber of Deputies), stressing that "government is an elite function which belongs to the elites; it is therefore the responsibility of the elites to elect the supreme agents of the government". This time, however, the electoral body was to
include not only the members of the political elite listed in his earlier programme for constitutional revision, but also teachers in the universities and higher schools, members of national cultural institutions and the prefect and members of the Municipal Council of the Federal District. He estimated the total number of electors at 3050, of which 1000 would be political and 2050 non-political electors, with the result that the cultural and technical electors would predominate over the political ones. Thus, he thought, the President of the Republic would have his authority redoubled vis-à-vis the National Assembly since, by freeing his election from the intervention of the electoral masses of the interior and giving it to the cultured elites in the cities, who had a national outlook, his choice would express the will and thought of the ruling elites.  

Oliveira Viana also repeated his suggestion that the re-election of federal deputies should be prohibited in order to ensure the continuous renovation of the political representatives and create a numerous political elite for the nation.  

Finally, he turned to the question of class representation and technical councils and here he took a noticeably conservative stand, in opposition to the more radical tenentista elements. He thought that they should begin by establishing representation of the classes in the municípios, then in the state assemblies and only when these were organised, in the National Assembly. The reason for this was that the political representation of the classes was not possible without their prior syndical organisation. This would take time to develop and could not be achieved by a mere disposition of the law, especially considering the absence of solidarity and the spirit of association in Brazil, which made it difficult to organise the
population, particularly in the interior. Therefore, he suggested that they begin modestly, trying out class representation in the municipal councils, while they waited for the slow natural integration of the classes; they should encourage the organisation of the classes in the sphere of private life and only think of bringing them into public life and political representation much later.

Instead, he advocated the creation of technical councils, which were much easier to form since they represented expertise rather than interests. He suggested technical councils for agriculture, industry, commerce, labour, land transport, water transport, education and public health. Technical councils would resolve the problem of the economic and educated classes' participation in legislation and government much better than would class representation in parliament. However, he stressed that the consultation must be obligatory, not optional.

The limited scope of the reforms suggested by Oliveira Viana and the conservative emphasis with which he presented them make an interesting comparison with Alberto Torres, with whose name Viana has always been associated in the minds both of his contemporaries and of later commentators. Certainly, Viana was a friend and disciple of Torres, and in many ways acted as a populariser for his complicated writings. However, he was always at pains to stress the difference between his own ideas and those of Torres, claiming that the formative influence on him was the work of Sílvio Romero.

Thus, Oliveira Viana pointed out that whereas he concentrated on detailed sociological studies, Torres had a panoramic and philosophical outlook; he thought that Torres was a theoretician (homem de gabinete), in the bad sense of the word, though he paid tribute to Torres's contribution to the awakening of Brazilian nationalism.
Although he incorporated many of Torres's suggestions for constitutional reform into his own proposals, he was sceptical as to the practicability of Torres's proposed "Co-ordinating Power", which was to operate at every level down to the local arena, considering it impossible to find the required number of Brazilians with the requisite qualities.  

The most important difference between the two men, however, lay in the fields of economics and international relations. Torres was particularly concerned with the repercussions of Brazil's role in the international economy on its development as a nation - indeed, he viewed his plans for constitutional and political reform as merely a necessary precondition for subsequent far-reaching economic and social reforms. Oliveira Viana was perfectly aware of the fact that "for Torres, Brazil's basic problem is the economic problem in all its complexity: - the problem of the formation, conservation and organisation of our wealth, [... ] on the solution of which will depend whether tomorrow we shall be a European suzerainty or a nation of free men"; but, in his own works, he almost entirely ignored these aspects of his predecessor's thought.  

For whereas Torres developed a radical nationalism based on a rational analysis of Brazil's present situation, Oliveira Viana's thinking remained trapped in the myth of "national unity", which he assiduously fostered but rarely explained. Unwilling to face up to the implications of the economic and social reforms demanded by Alberto Torres and his more radical tenantista disciples, Oliveira Viana abandoned the broad vision of the future which characterised Torres's thought and concentrated on the details of Brazil's past social history and suggestions for minor changes in the political system.
On the crucial domestic problem of landownership, he took up a conservative stance, defending the role of the latifundio. Furthermore, not only did he ignore the question of foreign imperialism but he also contradicted the most overtly nationalistic aspects of tenentista and Torres's thought, defending foreign capital and enthusiastically advocating large-scale foreign immigration.

After 1932, there came a parting of the ways. The tenentista movement survived down to the Constituent Assembly of 1933-34 and tried with some success to have the institution of class representation and the nationalisation of subsoil minerals, sources of energy, banks and insurance companies written into the new Constitution. The group led by Abelardo Marinho fought hard in the cause of class representation, which they saw as a means of breaking the hold of the regional oligarchies at the local level and of strengthening the representation of the Nation as a whole. In the end, a compromise was reached and provision was made for a sixth of the Chamber of Deputies to be elected by the sindicatos.

With the promulgation of the new Constitution, the tenentes disappeared as an organised group and their members were either incorporated into the web of government or gravitated towards the fascist Ação Integralista Brasileira or the popular front Aliança Nacional Libertadora.

Meanwhile, in March 1932, Oliveira Viana had accepted the position of Juridical Consultant in Vargas's Ministry of Labour and his time and energy were occupied with his official duties. Apart from his participation in the Itamarati Commission, which drew up the draft of the Constitution of 1934, and where, as he himself wrote, he appeared as an isolated and reactionary figure, he made little contribution to
the political debates of the 1930s. But during this period, he was becoming increasingly interested in corporativism and wrote a series of articles in defence of his Labour Justice law in which he proposed administrative decentralisation through autarchic boards and councils as a substitute for the political decentralisation of the federal regime. Only after the inauguration of the Constitution of 1937 did he return to political writing with his now notorious apologia for the Estado Novo.22

Oliveira Viana distinguished three main aspects of the new Constitution: the increase in the power and responsibilities of the Union, through a broader conception of national authority and interests in the face of local ones; the primacy of the Federal Executive in the face of the other federal and state powers, through an increase in the responsibilities and prerogatives of the President of the Republic; and the broadening of the democratic base of the government and the public administration, through the recognition of new and more expressive channels of popular opinion.23

He particularly emphasised the greater powers granted to the President of the Republic and laid the responsibility for this change firmly at the door of the Chamber of Deputies. With its factious spirit, its failure to pass legislation and the disregard of the parties within it towards the collective and national interest, the Chamber had become an obstacle to the efficiency of the public administration and a centre of agitation and popular unrest, which the communists were beginning to exploit. Besides, the President represented the national interest better than the Congress since only he was elected by the whole nation.

Nevertheless, in spite of the increased power of the President,
Oliveira Viana claimed that the new regime was democratic and representative, and did not belong to the dictatorial type of government. He himself regarded the Constitution of 1937 as something of a personal vindication, proudly ticking off the features contained in it which he had long been advocating.24

The only criticisms which he had of the new Constitution were that it did not go far enough in some areas, for instance, by continuing to attribute to the states any power which was not expressly or implicitly denied them, by transferring all the magistrates to the states, rather than to the federal government, and by failing to eradicate the electoral clans, which were the primary cells of the political parties. Thus, although the Constitution was the most revolutionary system which Brazil had ever had, Oliveira Viana preferred to think of it as a point of departure rather than a finishing point.25

Shortly before, Azevedo Amaral had also published an apologia for the Estado Novo.26 It is indeed ironic to reflect that both writers who had laid so much emphasis on the question of "national realities" should have staked, and ultimately lost, their intellectual reputations by defending a constitution which, more than any other, remained a purely paper creation. This is especially so considering that, in comparison with the reactionary Catholicism of Tristão de Ataíde or the aggressive fascism of Plínio Salgado, the authoritarianism defended by Azevedo Amaral and Oliveira Viana represented a relatively moderate position. Their mistake, however, was to link their names to a concrete regime, whose increasing unpopularity rubbed off on its defenders.

By 1942, Oliveira Viana was being asked if his concept of the State was totalitarian, to which he replied that, on the contrary, he
was, in fact, an authoritarian, since he considered authority, and not liberty, as the fundamental principle of political organisation. He wrote a series of critical articles trying to explain the roots of Nazism but, at the end of the war, with the collapse of fascism in Europe and the overthrow of the Estado Novo in Brazil, writers and intellectuals associated with those regimes went into eclipse.

Nevertheless, despite ill-health and waning popularity during the 1940s, Oliveira Viana continued writing and publishing. Indeed, what is perhaps his greatest and most complete book — though by no means his most original one — *Instituições políticas brasileiras*, was published in 1949. This work, which runs to over 600 pages, summed up the themes which he had introduced in his earlier books on Brazil's social and political development; as he himself said, looking back at the conclusions he had drawn earlier in life: "they were right — because they coincide with the conclusions which I reach now, using a new methodology". Despite this new methodology, *Instituições políticas brasileiras* contains little that was new in Oliveira Viana's thinking, yet it is, in many ways, the most representative of his works. The lack of attention given to it nowadays is an indication of the extent to which Oliveira Viana's reputation has been marred by the political bias which gave his writings the great popularity they enjoyed in his early days. As Nelson Werneck Sodré wrote after Oliveira Viana's death in March 1951, "he was overtaken by events and became secondary before he died". 
Chapter 4. THE EARLY SOCIAL LEGISLATION OF THE VARGAS REGIME.

The need for political reform was not the only problem facing the October revolutionaries when they assumed power in 1930. Another was the "social question", or how the existing social and political structure was to react to the emergence of an organised working class movement. Vargas's answer was to create a Ministry of Labour (Ministério do Trabalho, Indústria e Comércio, or M.T.I.C.) and to decree an extensive body of social legislation. In later years, he liked to present this policy as a spontaneous concession by a generous government to the passive and grateful workers. Recent research and the publication of militants' memoirs have shown, however, that Brazil possessed a considerable working class movement prior to 1930 and that the government's activity in the field of labour relations was by no means as disinterested as it liked to make out.1

Indeed, much of the legislation passed in the early years was the result of direct or indirect pressure from outside the government. This pressure was strong enough to produce laws which brought some genuine benefits to the urban workers and yet, ultimately, was too weak to resist the forces of bureaucratisation and political manipulation, which aimed to tie the working class to the government's apron-strings. The result was the compromise of interests which characterised the Brazilian labour scene throughout the post-war democratic period.

Working class organisations began to emerge with the growth of industry in the years following the abolition of slavery and the declaration of the Republic. Poor working and living conditions, long hours of work and low pay in the primitive factories and workshops of the period exacted their toll in human lives and health, and created resentments which burst out in strikes and demonstrations. These, in
turn, stimulated the appearance of ad hoc committees, unions, centres and other forms of workers' organisation.

The years from the turn of the century to the outbreak of the First World War saw a vast influx of Southern European immigrants, who brought not only more advanced forms of organisation, such as the Workers' Federations, which aimed to organise and coordinate the working class struggle, but also the political philosophies and antagonisms which were convulsing their native lands. Reformist socialism gained a number of adherents in the early years but its influence was soon eclipsed by that of anarchism. The anarchists and anarcho-syndicalists— many of them foreigners but a few of Brazilian birth, dominated the working class movement during the first two decades of the century, provoking strikes and agitating for the revolutionary overthrow of the existing social system.

Numerous strikes occurred in this period, largely in support of demands for shorter working hours and higher wages. The most important were the Paulista Railway strike of 1906 and the general strikes of 1907, 1917 and 1919 in São Paulo. The strike of 1917, which was sparked off by the rapid war-time inflation, brought the entire city to a halt and forced the industrialists and the state authorities to concede many of the strikers' demands, though backsliding by the employers later nullified most of these gains. After the war, the number of strikes declined; workers' organisations and their activities were severely repressed under the state of siege declared by President Artur Bernardes (1922-26) and only began to recover their vitality in the greater freedom of the Washington Luis presidency (1926-30). By 1930, the number of strikes was rising again. The Bolshevik Revolution of 1917 had little immediate impact on
Brazil, although a number of anarchists tried to stage a "maximalist" uprising in Rio in November 1918: it was easily put down by the police. By 1922, however, the issues were clearer and the Communist Party of Brazil was founded in March of that year. In contrast to most European countries, where the emergence of communist parties was the result of a split among the socialists, the Brazilian party was established by a group of dissident anarchists, led by Astrojildo Pereira. During the 1920s, in the course of a bitter struggle, the communists replaced the anarchists as the leaders of the working class, but they remained few in number and with little real influence. Nevertheless, by chance, they gained access to the daily newspaper, A Nação, and, for six months in 1927, waged a vigorous propaganda campaign, which seemed to give them disproportionate importance. Furthermore, in late 1927, they began to court the immensely popular tenente leader, Luís Carlos Prestes, whose pronouncements became increasingly inflammatory and marxist-oriented from 1930 onwards.

Much of the working class agitation was centred on the politically-sensitive city of Rio de Janeiro, the then federal capital, and it soon attracted the attention of dissident members of the political elite. Opposition politicians, such as Nicanor do Nascimento, Irineu Machado and Maurício de Lacerda, based their political position on the Rio electorate, which was beyond the influence of the pro-government coronéis and political chiefs of the interior, and, in return for this support, fought in Congress for legislative measures to benefit the city's workers. The great liberal politician and orator, Rui Barbosa, in his last campaign for the Presidency in 1919, appealed to this same clientele with promises of social legislation. Other supporters of labour laws were more disinterested. Two, in particular, stand out: Evaristo de Moraes and Deodato Maia, who later assumed high positions
in Vargas's Ministry of Labour, were putting forward comprehensive programmes of labour legislation before the First World War. These early proponents of social legislation styled themselves social democrats and urged the importance of mutual co-operation between capital and labour. However, by 1930, very few labour laws were on the statute book and most of those remained a dead letter.

Consequently, when the Vargas government began to decree its social legislation in December 1930, it was not acting in a vacuum. Furthermore, it had to work in the context of a definite political situation, created by the aftermath of the Revolution. The triumphant revolutionaries faced a situation in which social distress caused by the world-wide economic crisis coincided with heightened emotions and sharpened political awareness on the part of those who had witnessed the overthrow of the constituted authorities. The primary aim of the more cautious and conservative members of the new government, including the first Minister of Labour, Lindolfo Collor, was, therefore, to restore order and cool passions. These motives were clearly evident in the decision to endow Brazil with a comprehensive social legislation. The new labour laws were not intended to "mobilise" the working classes, or induce them to support the revolutionary government, but rather to "demobilise" them, preventing them from turning to the Octobrists' enemies on the left, the communists and Luís Carlos Prestes.

These objectives emerged gradually as the new government worked out a justification for its social policy. The immediate aim of the labour legislation was, however, more directly political and bore something of the air of a propaganda exercise. Back in August 1929, Lindolfo Collor had written to Vargas, saying that the country wanted more than a simple struggle for the Presidency and urging the need for
"something new", a "great movement of national renovation" to give the Aliança Liberal more weight and a focal point which would keep its disparate elements together. At that time, he had suggested the creation of a Progressive Republican Party but as this did not emerge, it seems likely that he transferred these opinions to the creation of the Ministry of Labour.

The Labour legislation proved that the Revolution really was "revolutionary". Both the Democratic Party of São Paulo and the tentes had advocated social legislation and it also enabled Vargas to pay off political debts to Aliança Liberal supporters in Rio de Janeiro, such as Evaristo de Moraes and Maurício de Lacerda, who had long been calling for more labour laws. On the other hand, being confined mainly to the urban proletariat of Rio and São Paulo, it did not affect the politically and economically important agrarian interests of the country.

Furthermore, the revolutionaries also seemed to think that it would be a simple operation to endow Brazil with an adequate social legislation: Lindolfo Collor talked of promulgating a Labour Code by the end of 1931 (in the event, the Consolidation of Labour Laws - juridically a lesser institution - was not decreed until 1943); the creation of the two new ministries (Labour and Education) was not expected to place any extra burden on the budget and, indeed, in the early days, the M.T.I.C. was run very much on an "ad hoc" basis. Only when experience showed the enormous problems to be faced did it become more bureaucratised, especially under the second minister, Salgado Filho.

Short-term opportunism was not the only motive, however. The workers and popular masses had not taken an active part in the revolution, beyond street rioting and the traditional sacking of news-
paper offices, and the revolutionaries, now in power, wanted to keep it that way. They did not call on the workers to support the government actively but wanted them to become passive dependents on its initiatives. This is clearly visible in the pronouncements of Lindolfo Collor. At the beginning of January 1931, he told the members of the Stokers' Union that they should only get involved in politics as individuals and should never involve their association in political struggles; workers' associations should only have economic and beneficent ends. He also suggested the elimination of intermediaries and said that whenever the working classes wanted something, they should go directly to the minister who would always be pleased to receive them. Three weeks later, on 24 January, he told workers demonstrating in honour of Getúlio Vargas, that "the rulers of the New Republic do not consider the proletariat as a political or party force but as an economic factor and an element of social expression". He said that every citizen was free to manifest his political opinions and defend his economic interests and social convictions and went on to disclaim any governmental intention to seek support from class associations.

The desire to keep party politics out of the workers' associations was closely linked to another preoccupation of the revolutionary government. The uncertain economic situation and the apparent conversion of Luís Carlos Prestes to marxism had made the Octobrists extremely sensitive to the danger of communism. Maurício de Lacerda later charged that the Provisional Government had "used and abused the epithet of communist and exaggerated the dangers of them in Brazil". The newspapers announced that the Chief of Police had contracted two experts in combating communism from the United States while Collor "told the
workers frankly that he will not permit any attempt whatsoever to disturb the social organisation". He was referring "to the pernicious action of a few foreigners who, as delegates from theorists and ideologists in other countries, are infiltrating our workforce and interfering in the leadership of its centres".  

When reading the programme of the Aliança Liberal in January 1930, Vargas had concluded his remarks on the social question with a reference to Brazil's need to "enhance the value of its human capital because the measure of man's social utility is given by his capacity to produce", and there were Brazilians in 1930 who fully understood the direct economic benefits of labour legislation, in the sense that contented workers increase productivity. Nevertheless, considerations of a political and social order were paramount in the early social legislation. The labour laws were seen as a means of preserving the existing social and political structure by winning the workers away from communism. Only in the late 1930s and the early 1940s did labour legislation come to be regarded as a means of increasing the economic productivity of the Brazilian workforce.

To understand this line of thinking, it is necessary to consider the conditions of the period and the way in which they were viewed. The economic crisis in the advanced countries, the collapse of coffee and the upheaval caused by the Revolution had created business distress, unemployment and an atmosphere of uncertainty in Brazil, and although, as it turned out, the country suffered less than the industrial nations from the Depression, the outlook in 1930 was forbidding. The first measure taken by the newly-created M.T.I.C. was an act of improvisation, almost of desperation. Decree 19482 of 12 December 1930 restricted the entry of foreign immigrants into Brazil, obliged all businesses
and undertakings to ensure that at least two-thirds of their employees were native-born Brazilians and made arrangements for the unemployed to be sent to agricultural jobs.²⁵

This, the famous Two Thirds Law, won immediate popularity because of its nationalistic overtones but, in spite of its technical deficiencies, which led to repeated prorogations and modifications, it also had a definite social and political purpose. This was to give work to the considerable numbers of unemployed Brazilians in the main cities without burdening public funds with the expense of social assistance or public works; it was also to prevent the expected flood of unemployed from Europe, many of whom would be "socially undesirable" and would "increase the difficulties of life in the urban centres and infect the Brazilian workman with subversive ideas".²⁶ This decree set a pragmatic precedent for the subsequent labour legislation by exempting agricultural workers from its provisions and by avoiding large-scale governmental expenditure, while it also set a legal precedent by limiting a traditional liberty - that of the movement of labour, and by imposing restrictive obligations on employers.

The implications contained in this first law were extended and given theoretical backing in the following months. Collor adopted the traditional corporativist critique of economic liberalism to explain the origins of the problems known as the "social question", which was caused by, "on the one hand, the rather disorderly expansion of our industrial activities, and on the other, the ever-increasing demands of the popular masses".²⁷ He explained in greater detail:

"In fact the result of uncontrolled free competition means the prosperity of some at the cost of the sacrifice of others and this, in economic policy, is nothing but disorganisation".²⁸
"[...] we are inevitably leaving behind disorderly and sterile individualistic empiricism, which began to retreat nearly half a century ago, in order to enter the world of social co-operation in which the classes are interdependent upon each other and in which the idea of progress is subordinated to the fundamental notion of order". 29

Order was to be maintained by submitting the whole field of labour relations to the rule of law. Special laws would prohibit the worst abuses of employers in relation to working conditions, and would organise the two sides into associations or sindicatos, which would negotiate with each other and sign collective contracts fixing specific working conditions and wage rates; labour courts composed of representatives drawn from both sides were to settle any disputes and it was hoped that the whole mechanism would be animated by a spirit of "class collaboration" instead of the prevailing one of "class struggle". The State was to play a tutelary role, establishing the legal framework and enforcing its application but, in theory at least, it was not to intervene directly in labour relations. This way of thinking was summed up by Collor when he said that:

"The disorder [in labour relations] lies in the lack of special social mechanisms to guarantee the freedom, economic remuneration and juridical protection of labour in Brazil.

Until these social mechanisms are created, the relations between bosses and workers must be, in principle and by definition, relations of conflict and not relations of co-operation". 30

He and his successor, Salgado Filho, therefore set out to achieve "the juridical regularisation of the relations between capital and labour". If one examines the laws which were passed by the Provisional Government, one can indeed see that they were intended to improve the conditions of the working classes by placing legal restrictions and obligations on employers and by providing institutional mechanisms for
the "collaboration between classes". A stream of decrees limited the entry of immigrants and nationalised labour; re-organised and extended the pension funds; gave legal recognition to employers' and employees' associations; regulated various jobs and professions; controlled working hours in commerce, industry and specific occupations, and female and child labour; instituted an identity card for employees; established collective labour contracts, labour courts and conciliation commissions; re-organised existing provisions on holidays and compensation for accidents at work; set up an inspection service and special delegations to supervise labour in the ports and began to establish the pension institutes. 31

A part of the explanation for this sudden explosion of social legislation lies in the legalistic outlook of Brazilians of the time: the ruling elite was composed almost entirely of lawyers, and public issues were debated in a legalistic manner. All the Ministers of Labour under Vargas, except Lindolfo Collor, were lawyers and many unemployed lawyers of lower social origins found positions in the new Ministry. 32 The employers often complained that the labour laws were the work of lawyers who had little conception of the real conditions and problems of industry and trade; 33 and the monthly bulletin of the M.T.I.C. contains a far greater number of articles justifying the new social legislation as a branch of Law than, for example, suggesting practical ways of enforcing it. This predominance of lawyers and their legalistic outlook inevitably had an influence on the character of the social legislation. It explains, for instance, the sheer volume of laws passed and the pre-occupation with creating a perfect body of legislation on paper rather than enforcing it in practice.

Furthermore, the Brazilian experience differed from that of Europe,
where much of the social legislation had been elaborated piecemeal, in response to public concern about specific problems which had been revealed by popular agitation or objective investigation. In Brazil, the social laws were copied from these foreign models in the belief that social problems were the same everywhere and that so, therefore, were their remedies. Although Salgado Filho called in representatives of the interested parties to help in drawing up his labour laws, there was no objective statistical research on social conditions in Brazil until the American social scientists, Horace Davis and Samuel Lowrie, undertook their pioneering studies on the standard of living of the working classes in São Paulo in the mid-thirties and José de Castro began to investigate the nutritional deficiencies of poor families in Recife and Rio de Janeiro. Apart from some minor projects, the first major study carried out under governmental auspices was the inquiry into real minimum wages which preceded the decreeing of the Minimum Wage Law in 1938-39. Consequently, the early labour laws, which were copied or adapted from foreign models, frequently proved impractical in Brazilian conditions and either fell into abeyance or suffered constant alterations. The ensuing confusion made strict enforcement extremely difficult. Evasion was practised on a large-scale by recalcitrant employers and abetted by workers who were desperate for employment at any price.

Nevertheless, the social legislation was, as a whole, effective and did bring genuine benefits to the urban workers, particularly in the large cities, such as Rio and São Paulo. This was an essential prerequisite if it was to succeed in attracting the allegiance of the working class to the existing social system. Furthermore, in the early 1930s, the Brazilian workers showed considerable militancy, and while
the threat of communism provided an indirect stimulus to the promul-
gation of social legislation, far more direct pressure came from
working class agitation, demonstrations and strikes. Collor quickly
discovered how complex and intransigent labour relations could be in
his attempts to mediate in a Rio textile workers' strike in 1931. Direct
confrontation, however, soon gave way to an uneasy policy of mutual
compromise and manipulation. Strikes were increasingly intended to
pressure the government into sponsoring compromise agreements which
would be favourable to the workers.

This process was clearly seen in 1934, when Vargas was in a
politically weak position. The employees of the British-owned Leopoldina
Railway came out on strike in April of that year, demanding higher
wages and better working conditions, and only returned to work following
the direct intervention of Vargas and with the promise that their
grievances would be remedied. Direct pressure was also exercised on
the government itself: in April 1934, the seamen also struck in support
of their demands for changes in the administration of their pension
fund and in July, the bankworkers stopped work in order to ensure that
their pension fund would be quickly brought into being. Later in the
same year, the postal and telegraph workers successfully struck for
higher wages.

In all these cases, the government tried to maintain its authority
by insisting that the strikers return to work before it granted their
demands. Equally, the strikers did not press their demands to the
bitter finish but accepted the agreements offered. This unstable com-
promise was maintained by the strength of the working class organisations,
which exercised considerable political influence in the early 1930s;
for example, Oliveira Viana referred in 1933 to the "fearful and
arrogant power of the dockers', Resistências, which both the M.T.I.C. and the police had to treat with care. In creating its social legislation, Vargas's government had to take account of political realities and come to terms with the existence of an organised working class. The latter was not strong enough to resist the blandishments of a government determined to neutralise it but, at the same time, it was only willing to give up its independence in return for real benefits. This, as much as the personal inclinations of the individual politicians sponsoring it, explains why the early social legislation was marked by a spirit of fairness and generosity.

The rapid promulgation of an extensive body of labour laws, needless to say, provoked a howl of protest from the employers, some of whom even accused the government of encouraging extremism and paving the way for the dictatorship of the proletariat. Vargas retorted that the employers did not appreciate what was being done on their behalf. Nonetheless, they, too, were able to benefit directly from the restrictive orientation of the M.T.I.C. Full-blown European corporativism blamed social conflict on the over-production, unemployment and low wages caused by the cut-throat competition of laissez-faire capitalism, and sought to resolve these problems by favouring cartels and arrangements which would reduce production until it came into line with demand. Nobody had ever thought to accuse the Brazilian industrialists of excessive competition but, all the same, they were suffering from an accumulation of stocks which they attributed to over-production. Within three months of the Revolution, they obtained from the government a decree limiting the importation of new machinery for the country's principal industries. The press was uneasy about this measure, which so obviously favoured existing interests, but it was maintained
and extended for successive periods. 44

In view of the arguments which were later to be put forward on behalf of industry and industrialisation, it is interesting to note the reasons with which Salgado Filho (who did not actually promulgate the decree) later justified this measure:

"The importance which these industries have attained, the large amounts of capital invested in their operation and the considerable number of workers which they employ justify the measure with which they were protected, preventing the problems stemming from over-production from being aggravated by the installation of new factories, with incalculable damage to the economy of the country and to private fortunes". 45

Too much should not be made of this justification, since few Brazilians were ideologically committed to restricting production. Rather, the decree should be numbered amongst the various measures taken to salvage existing Brazilian interests in the midst of the international economic crisis, such as the requirement to mix a certain percentage of Brazilian coal or sugar-alcohol with imported coal and petrol. Nevertheless, it demonstrates that the pervading mentality in the early 1930s was one of "retrenchment", of preserving the existing order and saving what could be saved from the crisis, even at the expense of material progress.

The deliberately fair-minded attitude of Lindolfo Collor was maintained by the second minister, Salgado Filho, despite his previous occupation as Chief of Police. The spate of strikes in 1934 provoked widespread criticism of the government's social policy. Salgado Filho claimed, in reply, that when it created the Ministry of Labour, the Provisional Government "was not foolish enough to fancy that it would extinguish disputes, putting a complete end to the conflicts hitherto existing between bosses and workers". It merely intended to remove
the violent and aggressive aspects of these conflicts, for it

"wanted the workers to be treated like other human beings, with rights and corresponding obligations, [...]. Still, tranquil relations do not mean that disputes will disappear but that they will be solved peacefully. So, the Provisional Government gave employers and employees the opportunity to resolve their differences with order and according to the laws." 46

The crucial test of the social legislation, however, came in November 1935 with the unsuccessful communist uprisings in the Northeast and in Rio. Getulio Vargas, writing to his friend Oswaldo Aranha a month later, noted that the government had received demonstrations of support "even from the working classes". The then Minister of Labour observed that "reactionaries [...] are always attacking the scope of our social laws. But the communist uprisings of last November which occurred in the barracks of the federal forces [...], without the participation of the working masses, demonstrate the foresight and wisdom of the Provisional Government in decreeing a profoundly human and just legislation". 48

The failure of these uprisings proved conclusively that the communist menace had been over-exaggerated and widespread police repression ensured that it would not occur again. In the aftermath of this repression, the generosity and fairness of the early years of the Provisional Government were largely forgotten and a more self-confident and cynical manipulation of the labour laws, particularly in their collective aspects, backed up by virulent anti-communist rhetoric, set in. Nevertheless, the initial liberality left a legacy on the laws which affected the individual rights of workers: these laws continued to strive to give the worker genuine benefits and to resolve individual disputes in accordance with a spirit of fairness.
Meanwhile, however, a new outlook was developing in the M.T.I.C., which diagnosed a different cause for class conflict and suggested a different remedy. In October 1935, an anonymous functionary of the Ministry wrote:

"The social question in capitalist countries, like the United States, in which there are great combines - "trusts" and "cartels", is characterised by the need to redistribute accumulated wealth. In Brazil, on the contrary, the social question appears in a different light, requiring an increase of wealth, which we can only achieve with the organisation of our productive activities". 49

This new approach to the social problem reflects the views of a Brazilian industrialist, Roberto Simonsen, whose ideas we shall now consider.
Roberto Simonsen was the antithesis of the intellectuals of his time. To him, the economic problem was paramount. He ignored the political questions which so absorbed his contemporaries, and declared that social problems could not be solved in isolation. Yet, as Brazil's foremost proponent of industrialisation and economic development, he evolved a comprehensive system of ideas which encompassed all aspects of society. Simonsen introduced the concept of underdevelopment to Brazil and, at the same time, he urged radical measures to overcome the problems which it caused.

The basic element in Simonsen's theory of development was a policy of industrialisation to serve the home market. This was nothing short of revolutionary in a country which had traditionally depended upon the export of primary products, involving as it did restrictions on free trade and the raising of internal purchasing power and the average standard of living. Yet Simonsen was a wealthy, well-established businessman who proudly numbered himself amongst Brazil's "conservative classes". The apparent paradox of an entrenched conservative advocating a radically progressive policy of economic development is a reflection of the breadth and originality of his vision.

Simonsen was by no means the earliest advocate of a policy of industrialisation, but he was the first to consider in detail its long-term implications and its repercussions on Brazilian society in general. Indeed, he clearly realised that the social aspects of development could not be separated from the economic ones and he set out resolutely to grapple with the problem of reconciling the two. The theory which he evolved was based on the argument that Brazil was a poor country and that most of its economic, social and political problems were caused by the low standard of living of its people. The
way to solve these problems and prevent conflict was to increase the production of wealth and so raise the average standard of living of the whole population. This could only be achieved by a general policy of economic development based on intensive industrialisation and the expansion of the internal market.

In pursuing this line of thought, Simonsen developed a perplexingly complicated and ambiguous ideology which was capable of appealing to a wide spectrum of opinion, ranging from the Left to the Right. For by emphasising the need to create new wealth, he was able to argue against attempts to redistribute existing wealth. Economic development would solve social problems without conflict, by raising the total national income and so increasing the material well-being of the lower classes in absolute terms. At the same time, it would ignore the relative distribution of this income and leave the existing class structure unchanged. Thus, in Simonsen's eyes, development had a conservative purpose. The key to this outlook lay in his concept of raising the average standard of living, a concept he gradually worked out in the first twenty-five years of his public career.

Simonsen was born in the city of Rio de Janeiro on 18 February 1889 and died in the same city on 25 May 1948 at the age of 59. However, "the birth of Roberto Cochrane Simonsen in the Federal District was fortuitous, since all his family resided in Santos, and he always considered himself a paulista and a santista, avoiding mention of his place of birth". 1

Simonsen's father, Sydney Martin Simonsen, was born in London in 1850 into a family of Danish Jewish descent, and went to Brazil at the age of 25; he worked as a bank manager, remaining in Brazil until his death at the age of 80. In 1883, he married Robertina da Gama Cochrane and the couple had five children, Wallace, Roberto, Sydney, Lucy and Mary. 2 Robertina was a descendant of Lord Cochrane, the
founder of the Brazilian navy, and the daughter of Inácio Wallace da Gama Cochrane, an engineer whose family owned coffee fazendas in the Paraíba Valley and who worked as the superintendent or government inspector of various railway and urban improvement companies. He also participated in politics under the Empire as deputy to the State Legislative Assembly and, later, to the National Assembly. Thus, although, like so many of the early paulista industrialists, Roberto Simonsen came of immigrant stock, his family had a certain social position, with links with the traditional agricultural society and an interest in the country's affairs.

Simonsen received his primary schooling in Santos and then went to the Colégio Anglo-Brasileiro in São Paulo Capital for his secondary education. Afterwards, under the influence of his grandfather, he matriculated in the Escola Politécnica of São Paulo at the age of 15, graduating with distinction in civil engineering when he was still under 21, one of the youngest engineers in Brazil.

Refusing the government positions to which this diploma entitled him, Simonsen began work as the engineer of the Southern Brazil Railway from 1909 to 1910. In 1911, he married Raquel Cardoso who bore him four sons, Roberto, Fernando, Eduardo and Victor. In the same year, he was appointed director-general of the Prefeitura of Santos and engineer-in-charge of the municipal improvements commission, in which capacity he took vigorous action to implement a programme to improve the drainage, street-building and urbanisation of Santos.

In the following year, 1912, he resigned his official positions and, together with a group of friends and colleagues, founded a construction company, the Companhia Construtora de Santos, which was to form the nucleus of his industrial activities. Such an undertaking
was something of a novelty in Brazil, since up to then it had been customary to parcel out construction work to contractors. The company was successful and in 1916 extended its operations to São Paulo Capital and Rio, but it was adversely affected by the fluctuations in demand, and soon began to diversify its activities by entering other fields in order to create a market for itself. Such, at least, was one of the motives for the foundation of the Companhia Santista de Habitações Econômicas, a firm which aimed to build cheap working class housing, and for Simonsen's involvement in a scheme to build luxury property and in a meat-packing company in Santos. Later, he became interested in other companies, which produced copper goods and pottery or dealt in real estate. The Construtora's success and, no doubt, Simonsen's dynamic personality caused considerable hostility and led to press attacks on his business activities which he was forced to repudiate. Indeed, this personal hostility became a permanent undercurrent dogging him and many of his early writings had the character of apologia.

During the First World War, Simonsen became interested in the ideas of scientific business management, which were being developed in the United States, and in early 1918 he proposed a reorganisation of the Construtora on these lines, endowing it with technical, commercial and production departments. He later claimed that the Construtora was the first company to introduce the scientific organisation of labour into Brazil and apply it practically, and he liked to attribute his success to this innovation. The process culminated, as far as the Construtora was concerned, in a contract to build a series of barracks for the Army in the southern states of Brazil, signed in March 1921. By careful revision of the original plans, organisation of the workforce and supplies, and standardisation and
bulk purchase of materials, Simonsen was able to achieve a considerable saving in time and money, both on the original and the revised estimates. Most of the work was done between the beginning of 1922 and the end of 1923, after which revolutionary disturbances in Rio Grande do Sul delayed and finally led to the abandonment of the remaining works. Altogether, 49 barracks, military hospitals and other works in the Federal District and eight other states were handed over to the Ministry of War. This project, too, was not without its critics, and although the final accounts were settled by the Minister of War in 1926, an inquiry was opened after the Revolution of 1930 and dragged on until 1935. Luckily, Simonsen, perhaps foreseeing trouble, had insisted on the utmost rigour in keeping the accounts and no irregularities were found, but he commented sourly on the thoroughness and slowness with which the inquiry was conducted.  

Meanwhile, Roberto Simonsen had begun his career as a public figure. In December 1918, the city of Santos was due to offer a banquet to the Minister of Agriculture, Padua Salles, but the rival political factions were unable to agree on who should deliver the speech of welcome. Finally, two days before the banquet, they decided upon the apolitical Simonsen, who used the opportunity to draw a comparison between the agricultural policies of the United States and those of Brazil, and to speak about the need to organise Brazilian agricultural production on scientifically-determined bases. The contrast between the seriousness of this speech and the usual inanities of a political banquet attracted attention to the orator, and led Padua Salles to recommend Simonsen as the representative of São Paulo in the Brazilian Commercial Mission to Britain in 1919.
This Mission, headed by Pandia Calogeras, visited the United Kingdom from June to August 1919 as the guest of the Federation of British Industry. Simonsen then went on alone to Paris where, in September 1919, he read a paper at a meeting of the International Cotton Committee, describing the possibilities of Brazil as a cotton-producing country and inviting the Committee to send a mission to Brazil to study conditions there. This resulted in the visit during 1921 of Arno Pearse, general secretary of the international cotton manufacturers' federation, who reported favourably on the possibilities. Simonsen returned to Brazil in November 1919 and resumed his business activities.

It was Simonsen's early experience as a businessman which moulded the guidelines of his later career as an advocate of industrialisation and expansion of the home market. Indeed, one can draw a rough parallel with the growth of nineteenth-century liberalism: if the history of the nineteenth century can be very crudely represented as the progressive application of contemporary business principles of laissez-faire and free competition to the economy, society and politics, then Simonsen's ideas represent the application of twentieth-century business methods to the general problems of society. One could well argue that the single most fruitful influence on him was that of Henry Ford with his notions of high wages, high productivity, high levels of consumption and the spirit of public service. Simonsen's ideas represented the application of the principles of scientific management and the rational organisation of labour on an ever-widening scale, first to his own firm, then to industry in general, then to Brazil and, finally, to the whole of Latin America.

A mixture of enlightened self-interest and a concern with wider
problems can already be discerned in Simonsen's earliest works, the annual reports (Relatórios) of his Companhia Construtora de Santos. In 1916, he outlined the principles of scientific management, as established by Evans in his Scientific Management, and in early 1918 he proposed to reorganise the Construtora on these bases, in order to increase the efficiency and the profitability of the company. Meanwhile, even before the First World War, he had been made directly aware of the poverty of the Brazilian working class by the failure of his experiments with the building of popular housing; soon he was to see the effects of working class militancy. In July 1917, under the pressure of war-time inflation and the example of the Russian Revolution, a general strike broke out in São Paulo Capital and rapidly spread to the rest of the state, including Santos, which was already known as a centre of agitation; according to Azis Simão, the Construtora was among the firms struck.

It was not difficult to link poverty with militancy. So when Simonsen addressed his workers in December 1918 and told them of his plans to reorganise the company on scientific bases, he went on:

"Remember, however, that the improvement of your conditions, your future, your well-being and your security can only rest on productive and organised labour.

The cheapening of production, in all its aspects, needs to be and should be constantly aimed for in your interest and ours.

This cheapening, however, must not be achieved at the cost of your wages but rather by obtaining the maximum efficiency of labour."

He expanded this concept of the mutual advantageousness of efficiency and high productivity in the introduction to his Relatório of March 1919. Here he noted that the major problem facing engineers and administrators was the economic utilisation of labour, Industrialists had to reckon with the existence of a new force, the discontent of the
worker; they should provide a just remuneration for labour in order to prevent the fettering of production by an attempt to solve this problem by mistaken political means, when it could be resolved successfully by economic means. He continued:

"The policy of the working class has been based on the limitation of production and the unlimited increase of wages; now, since the bosses take a diametrically opposed point of view, there occurs a clash of interests, which thus seem mutually hostile, and this results in the gigantic struggle which we are witnessing in the industrial world and which is assuming the very serious aspect of class warfare".  

But, in reality, this violent antagonism was not justified:

"In fact, what the boss seeks is to pay the least possible per unit of production and what the worker aims for is to be as well-paid as possible per unit of time; hence the viability of obtaining a harmonious solution, to the benefit of both classes, by scientific investigations of the real conditions of labour and by the intelligent application of the economic laws which govern production".  

It was the backward system of payment and the mistaken attitude of the bosses which caused the workmen to organise as a class. The employers in the old industrial countries always treated their workers as if they constituted a single mass, without recognising the abilities of individuals. The bad system of payment for jobs was the main cause of strikes, since a skilful workman could only increase his pay by forcing up the wages of the whole class. The industrialists, in their own interest, should prevent their principal collaborators from forming a hostile mass seeking remedies for their wretchedness in political conquests which disturbed production.

"We can prevent this by making a reasonable payment for the true value of labour - calculated so as to give a fair reward for personal effort and for the inevitable variations in productivity from one man to another. In this way, we would have individualised the worker and given him a direct stake in production, turning him into a growing source of wealth and incorporating him into society by economic means, since he was alienated from it by economic errors".  

It was, of course, a rather crude call to divide and conquer, by buying off the skilled sections of the working class. But in it, one can clearly see the germs of Simonsen's later thinking, namely, that by changing and developing the economic system, it was possible both to benefit the workers and to preserve the status quo.

During the 1920s, Roberto Simonsen established himself as a wealthy and influential businessman, with interests in banking as well as construction and industry. He and his brother were partners in the banking firm of Murray, Simonsen & Co., which acted as Lazard Brothers' agent in negotiating a series of sterling loans to support the State of São Paulo's coffee valorisation scheme during the years 1926-28.

His next major public pronouncement was the speech which he delivered at the official inauguration of the Centro das Indústrias do Estado de São Paulo in June 1928. The Centro das Indústrias (C.I.E.S.P., later Federação das Indústrias - F.I.E.S.P.) was founded by industrialists who were dissatisfied with the way the Associação Comercial de São Paulo was handling their interests, and the inaugural meeting was attended by the principal authorities of the state, including the governor, Júlio Prestes.

After a brief introductory speech by the President of C.I.E.S.P., Francisco Matarazzo, Simonsen, the Vice-President, launched a vigorous defence of the existence of industries in Brazil. This speech marked the beginning of his career as a champion of Brazilian industry as he emphasized the advantages which industrialisation could bring the country in the form of greater economic and political power and increased prosperity. However, the speech was mainly intended to answer certain specific arguments which were frequently made against the development of industry in Brazil. These arguments claimed that most of Brazilian
industry was artificial, importing a large part of its raw materials from abroad; that it did not contribute to the prosperity of Brazil; that its products were expensive and raised the cost of living, because of the protectionist tariffs; that it disrupted agricultural manpower by attracting workers to the city; and that it constituted a monopoly in favour of half-a-dozen Brazilians to the detriment of millions of others.

Simonsen's willingness to answer these criticisms in detail shows that he had thought out some of the long-term implications of industrialisation and is understandable in the circumstances in which the speech was made but, inevitably, it also tended to look like an apologia for an existing state of affairs. He summed up his speech with the conclusion that:

"it is patent that the objectives of the industrialists and the true national interests coincide completely. The increase in the country's capacity to consume will mean the opening of a formidable market for Brazilian industrialists; consumption and production, growing together, will increase wealth and bring greatness to the country, and well-being and security to its population, which will then be able to resolve all the other national problems calmly and peacefully". 28

In short, he managed to prove that industries could be of real advantage to Brazil and were not just inconveniences, as many people assumed, but he failed to present industrialisation as an inescapable necessity, deriving from the economic and social structure of the country itself. This was to come later. Meanwhile, the present effort was generally regarded merely as a sophisticated appeal for more protectionism. 29

However, the bases of Simonsen's later arguments may already be seen in rudimentary form. One of his chief preoccupations at this time was to answer the accusation of the urban middle classes that Brazilian industry and the protectionism which it required were responsible for
the rise in the cost of living. In this speech, he argued that Brazilian industrial products only accounted for a small percentage of average consumption and therefore had not contributed more than 6% to the rise in the average cost of living.\(^{30}\) In a later speech, he attributed the rise in the cost of living to successive inflations of the currency.\(^{31}\)

But the most fruitful suggestion which he made in the speech of 1928 was when he claimed that the real problem was not the "high cost of living but, rather, insufficient earnings, because the level of production is low in relation to the population and size of our territory".\(^{32}\) He recounted how he had found that the problem of providing cheap, decent housing for workers was economically insoluble, and went on:

"The solution lies in the increase of average earnings which is linked to the increase in the efficiency of labour and, therefore, to the principal problems of the formation of our nationhood, and to the organisation of our economic structure, sound currency, abundant credit, health and education".\(^{33}\)

However, he was not prepared to admit any government interference or special measures at this stage:

"The increase in earnings needs, however, to be achieved within the economic laws and not by simple expedients of Governments or the employers, under pain of making products more expensive and fettering production. It is by the increase of production in general that we have to obtain the increase of average earnings and, therefore, the increase of average consumption per inhabitant".\(^{34}\)

The next six years saw a gradual rearrangement of these arguments. The low average earnings (or, in more simple terms, the poverty) of Brazil's population ceased to be merely an obstacle to the development of industry. Instead, it became the primary factor, which demanded the industrialisation of the country as a matter of urgent necessity. Only in this way could the average standard of living of the Brazilian people be raised with the required speed.
In April 1931, Simonsen took his ideas a stage further in a lecture on finances and industry, which he gave at the Mackenzie College in São Paulo. He began with a brief outline of the development of industrial society in England and the United States and then went on to analyse in some detail the systems of rational organisation of labour which had been evolved by American industry: the Taylor system (time and motion studies); the Gilbreth system (which aimed to achieve the minimum fatigue of the labourer); and the Ford system. With regard to the latter, he explained:

"The guiding principle of the Ford Motor Company in its industrial method consists therefore in 'increasing the purchasing power of the masses by paying high wages and selling at low prices in order to create and maintain a constant state of prosperity in the country'." He described the reasoning behind this: the buying power of the masses was based on wages; wages were therefore creators of work and as important for industry as for the working class.

"The policy of high wages can, however, be based only on industrial practice of the utmost efficiency: raising the productive capacity of the operative, increasing the intensity of production and the maximum economy in the use of raw material".

"This policy, by giving to the operatives opportunities to possess their own savings, to complete their education and to enjoy modern comfort, contributes to the intermingling of classes and the suppression of the tendency to strife, which is thus substituted by a spirit of cooperation: this is the social influence which high wages have had in North America".

Simonsen then went on to describe the rationalisation of German industry after World War I. This rationalisation embraced the whole cycle of production: the concentration of industries, the standardisation of products and of production equipment; the adoption of flowing or continuous production and of a system of high wages and efficient labour methods; the selection and training of labour; the increase in the purchasing power of the markets and the expansion of industrial concentrations outside Germany's frontiers, to bring nations
and large international interests closer together. The aim of all this was to increase the productivity of labour by accelerating the speed of manufacture and reducing the employment of capital in order to lower the cost of production. This compensated for the shortage of liquid capital caused by the post-war inflation.

Simonsen was interested in the results of rationalisation in Germany because "it is a demonstration to what degree technology and intelligence can make good deficiencies of means of production which might at first sight appear to be insuperable". However, he was also aware that the first result of rationalisation was an increase in unemployment and that its development had been seriously upset by the world crisis and the large withdrawals of American capital. Nevertheless, he thought that "a veritable social doctrine" would arise from Germany's effort to rationalise production, since "the existence is today admitted of scientific methods capable of coordinating the economic forces and of regulating the relations between individuals or groups of individuals".

He then turned to Brazil, noting the poverty and backwardness of the country:

"We are a nation of weak productivity. We work little and with poor efficiency, the average output per head here being extremely low. The last publication of the Dresden Bank shows that such output in Brazil, in 1928, was 17 times less than in the U.S.A., 9 times less than in England and 6 times less than in Germany. The average per capita consumption in Brazil is one third of what it is in the Argentine. We have, practically speaking, no capital of our own and no savings. The poverty of our people is striking".

Yet, "we possess an enormous country with 40 million inhabitants. We own many raw materials and various sources of energy and motive power". The explanation for this anomaly was that Brazil's purchasing power and level of consumption were low because its production of goods and social benefits was very small in relation to its population.
Coffee, Brazil's most important product, was being over-produced and the production of other agricultural and pastoral products could only develop slowly. In any case, many of them were in competition with those produced in other tropical zones by peoples whose living conditions were inferior to those of the white race. Consequently:

"It is to an industrial policy, founded on rational bases and adapted to the conditions of our milieu, that we must look, in the main, for the production of the values in social assets that we require for the rapid increase in our purchasing power, with the consequent benefits of an improvement in methods of work which industrialisation brings with it". 

He then went on to discuss the implications of an industrial policy in detail: it would lead to a mutually beneficial development of agriculture; the accusation of "artificial industry" was unfounded and unjustified; Brazil needed a tariff revision on protectionist lines. Monetary disorder and the shortage of credit threw production into chaos and destroyed the foundations of organised work because of the lack of stable returns; therefore, Brazil had to encourage the creation of industrial banks. He again attempted to prove that Brazilian industry was not responsible for the high cost of living, blaming it on successive inflations of the currency, and claimed that industrialisation would help to stabilise the cost of living.

Finally, tying the whole thesis together under the heading of "The Rationalisation of Brazilian Production", Simonsen concluded:

"Eminent sociologists state that the social conditions of a country are a reflection of its economic conditions. [Thus] it is by tackling the latter that we shall be able to obtain the relative well-being of which we stand in need. We must raise the Brazilian standard of living, increase our purchasing power and increase man-value in Brazil. Give industry what it wants: financial machinery such as civilised nations possess, harmonious laws to protect production, and freedom of action in the Brazilian market by suppressing inter-State barriers, - and industry will be in a position to make a powerful contribution to the growth
of wealth in Brazil, with healthy repercussions on our social problems and on the political and administrative organisation that we require. […]

Laws and decrees do not create productivity and wealth. Let us rationalise labour, and let our programme be comprehensive: from the systematic examination of our financial problems to the improvement of our manpower's health and education; from agricultural rationalisation to the rationalisation of our home market." 44

Other nations, such as Japan and Germany, had done it and the world provided ample lessons from which Brazil could learn.

Thus, in this lecture, we find the basic ingredients of Simonsen's thinking about the problems of Brazil. Firstly, the example of the industrial and economic systems and innovations in the more advanced countries, and an awareness of their wider social implications and their specific relevance to Brazil; then, the assertion of Brazil's poverty and backwardness, especially in comparison with the industrial countries, and the need for the industrialisation of the country in order to raise purchasing power rapidly; next, the condensed lessons in economic theory as well as a concern with the more detailed aspects of an industrial policy; finally, the overall vision of the role of industry in Brazilian society and the optimistic belief that if other countries could do it, so could Brazil.

Yet even here, the full social and political implications of Simonsen's ideas were not entirely worked out. This had to wait until the speech which he made as an elected representative of the industrialists to the Constituent National Assembly, which met in Rio de Janeiro to draw up a new constitution. This speech, delivered in January 1934, was somewhat chaotic because of the frequent interruptions by the other deputies, the fact that it had to be delivered in two parts owing to timetable difficulties, and the turgid introduction which he gave to it, no doubt in deference to the assembled bacharéis before which it
was given. Simonsen wanted to have a reference to the standard of living written into the new constitution. However, he was also cooperating fully with the São Paulo delegation and so the main purpose of the speech was to justify the paulista amendments to the chapter on the economic and social order in the draft constitution. Simonsen said that the guiding principle of all the amendments was "the recognition of social rights whilst avoiding damage to the federative regime" and the economic development of the country. In fact, the paulistas were determined to limit the sphere of intervention by the federal government and preserve as much as possible of the states' autonomy which they had enjoyed under the previous regime. But they and the employers were also anxious about the "socialistic" tendencies displayed by some members of the Constituent Assembly and, indeed, by the Provisional Government of Vargas.

Simonsen's arguments ran essentially as follows: State intervention in the field of economic activity should be limited, for "laws and decrees do not create wealth and we do not possess enough already created to force a readjustment in distribution". In contrast to the situation in the older industrial nations, Brazilian legislation should aim at the creation of wealth rather than its distribution. Brazil was a poor country and needed to improve the standard of living of all its inhabitants as well as their education, which represented the moral progress on which the improvement of society largely rested. The State could contribute to the general progress by strengthening the individual.

The standard of living was based mainly on purchasing power and the greatest purchasing power belonged to the peoples who produced the greatest value in social assets which were consumed by society. The growth of population was exceeding the rate of creation of wealth so,
as Brazil could not rely on exports, the purchasing power of Brazilians had to be increased by the better use of manpower and the development of internal trade and industry. Brazilians could be interventionists, not to oppose the laws of nature but to create favourable conditions for their operation.

"The problems of education, health and labour are, therefore, extremely important for the country's political and economic future. We must improve our manpower, increase our productivity and encourage our internal trade, favouring the creation of wealth by every means".49

Thus, we see how Simonsen had arrived at a simple but flexible system of ideas which allowed him to approach his central theme from a variety of different viewpoints. By turning the notion that Brazil was a special case because of its general poverty as a country into the basic premise of his argument, he was able to argue against proposals to redistribute existing wealth whilst, at the same time, holding out the positive alternative of a general economic and industrial policy which would enrich the entire nation and raise the average standard of living.50 Thus we can see how Simonsen was able to refer to the industrialists both as the "productive classes" and the "conservative classes". It was, in fact, the beginning of the nationalist developmentalist ideology.

From now on, Simonsen worked increasingly to have his ideas adopted by the government, during the course of which they became progressively more sophisticated. Industrialisation became part of the demand for a general economic policy; planning meant a certain shift in his ideas on the role of the State; and his ideas on international aid after the Second World War were forerunners of the Alliance for Progress.

In the meantime, Simonsen had to face a much more pressing problem, namely, the "social question". His basic premise was that "in Brazil
it is not the problem of distribution which is at stake, as in the old, declining, over-capitalised nations: here the problem is that of the creation of wealth. Nevertheless, he also paid considerable attention to specific social problems. Consequently, it is worth while looking in some detail at his ideas on society and the "social question", since they illustrate the deeply conservative foundations on which he built his progressive policy of economic development.

Simonsen's attitude towards social problems was based on certain fundamental premises. Firstly, a deep-seated fear of class warfare and communist subversion; secondly, a genuine awareness of the wretched conditions in which most of the Brazilian people lived and a willingness to concede "just demands"; thirdly, an interest in sociology and objective methods of studying social problems; and fourthly, an optimistic belief that remedies could be found for these problems and the capacity and energy to put such remedies into effect.

Simonsen spent his childhood and the early years of his working life in Santos which, with its militant dockers and large European immigrant population, was one of the most explosive cities in Brazil. In July 1917, the State of São Paulo experienced its greatest general strike and Simonsen's construction company was one of those struck. In the aftermath of the First World War and the Russian Revolution, Europe went through a period of profound unrest and during his visit to England in 1919, he noted the agitation there. Simonsen, in common with the rest of the Brazilian elite, greatly feared the spread of this unrest to Brazil and the entry of foreign doctrines or "exotic ideas", as communism was euphemistically referred to, and his works are liberally sprinkled with references to the danger of communism and class struggles.

Simonsen attributed class strife and the organisation of the workers
into classes in the old industrial countries to the rapidity of industrialisation, which caused the employers to consider labour as a mere commodity or merchandise. He warned against the transfer of the doctrines bred by such strife to Brazil, which was still at a quite different stage of development. Like the corporativists, he also attributed unrest to the excess of individualism. His preoccupation with the threat of communism continued throughout his career and, in 1946, he noted that:

"In Brazil particularly, with its low average standard of living and the sharp inequalities in resources between the various regions, these agitations are encouraged by the present high rate of inflation, the low level of education and the scarcity of the basic factors of production."

He went on to lament that "the men of greatest responsibility" were failing to unite around a definite course of action. Instead they were wasting their energy in personal political contests and the pursuit of easy profits, unaware of the attempt which was being made by extremist elements to infiltrate the working masses.

Simonsen saw a link between bad conditions and popular agitation. Though quick to denounce the "exotic doctrines" and subversion from abroad, he also recognised that the working classes did have genuine grievances. This awareness had been borne in on him as a builder in Santos in 1912-14 when, partly out of a desire to reduce unrest caused by the high cost of living and partly as a means of creating a permanent building project, he had undertaken the construction of cheap houses for the lower-paid workers. The failure of the experiment (most of the houses were, in fact, occupied by white-collar workers) convinced him that it was "impossible, in view of the legal requirements, for private companies to build economical working class districts and receive a fair return on the capital employed." In short, the working classes were genuinely too poor to participate in the normal workings of the capitalist system. He mentioned this early experience in Santos on several
occasions in later years and an awareness of bad housing conditions remained with him. In 1941, he said:

"We should not and cannot be unaware of the fact that, in São Paulo, a city of which we are so proud, about 50% of the population is not suitably lodged or housed."

He was also conscious of the terrible state of health of the Brazilian workers, which was caused by ignorance of the basic rules of hygiene and the harshness of the environment. When his construction company was in charge of a project for supplying water to São Paulo in 1926-28, he ordered a medical examination to be carried out on all the workers, which revealed that, out of a total of 1411 workmen, of whom 641 were Brazilian-born and 770 were foreigners, 45.5% of the Brazilians were infected with venereal disease, compared to only 4.9% of the recently-arrived foreigners and 22.1% of the foreigners with more than one year's residence in Brazil. He called these figures "simply saddening": they demonstrated the degree of contamination existing in the Brazilian environment and largely explained the noticeable degeneracy which marked much of the national labour force.

He summed up his feelings on the subject in 1940, when he said:

"The proportion of our population which exists at a level below the tolerable minimum is very large. Also large is the mass of undernourished people as well as the number of those who suffer through physical weakness.

We hear constant criticism of the lack of application and ambition of our rural workers. I am convinced that this phenomenon does not represent [... ] a deliberate state of laziness; the fact is that our rural workers are undernourished and often sick, and so they do not have sufficient physical resistance to carry out the continuous labour to which the properly educated colonist coming from well-nourished peoples is accustomed."

A part of the problem was the lack of reliable statistics and objective studies on the real conditions of the Brazilian people.

Administrators and politicians were forced to make up for this shortage of information by means of intuition, diplomatic skill and inspiration.

Yet the need to deal with social problems was urgent:
"We can no longer regard social questions as secondary but, instead, as fundamental to the problem of reviving our civilisation. They should be a main topic of concern for the elites of the nation".64

Consequently, Simonsen took a leading role in the foundation of the Escola Livre de Sociologia e Política de São Paulo in 1933. The main purpose of this school was to encourage the creation of genuine administrative elites.65 Simonsen thought that legislators needed to know more about social problems and hoped that the Escola Livre would encourage the study of sociology in Brazil as well as carry out research which would guide the development of more suitable political, judicial and economic institutions. To achieve this, its programme included - besides its normal courses - social investigations, the collection of adequate statistics, the application of direct methods of observation and research, and the training of research workers capable of such undertakings.66 Indeed, the Escola Livre made the first statistical investigations into living conditions of any consequence in Brazil, in a study of working class families in São Paulo, supervised by the American professor, Horace Davis, in 1935. Simonsen himself taught the course on economic history and later reworked his lectures into a book entitled História econômica do Brasil published in 1937.67 But lest anyone mistake what all this was aiming at, Simonsen announced that the School "immediately declares its disapproval of the proliferation of 'saviours' and false ideologues, who in reality are completely ignorant of our problems and our needs":70

"It will be, finally, a permanent fetter on the excesses of demagogy because in it, under the inspiration of science and sincerity, our problems and our needs will be studied with the most advanced methods that civilisation has yet created".71

Simonsen was to return to this theme in 1946 when he sponsored the creation of the industrialists' social service system, SESI. In the meantime, he had a paragraph written into the Constitution of 1934 (Art. 115), requiring the public powers to ascertain periodically the standard of living in the various regions of the country. In 1940, he
noted that in the industrial nations:

"Students of the social sciences indicate the most efficient means to combat these causes at their point of origin; they aim to reduce poverty, not only because of a natural spirit of human fellowship but also because of the painful repercussions which it creates for the harmony of society".  

Furthermore, the social and political sciences could not only fight the causes of the "exotic doctrines" but also combat the doctrines themselves; in 1947, referring to the Escola Livre, he said:

"This School constitutes, perhaps, at the moment, one of the most notable proofs that science and research give the lie to the political pretensions of Marxism. The pupils of the higher courses of this establishment were able to place communism within one of the branches of reactionary socialism, understanding its raison d'Être in the age in which it was conceived". 

However, he was generous enough to admit "the vigorous contribution of Marxism, as a method, to the elucidation of numerous contemporary economic, social and political problems". 

But, alas, Stalin and the Third International could not be wished away quite so easily and, in the meantime, it was necessary to do something about the "social question". Simonsen's basic premise here did, in fact, owe much to Marx's "vigorous contribution". For he observed, "eminent sociologists state that the social conditions of a country are a reflection of its economic conditions. Thus it is by tackling the latter that we shall be able to obtain the relative well-being of which we stand in need". 

Simonsen's original recipe for solving the "social question" lay in a massive application of the principles of scientific management and the rational organisation of labour. In December 1930, he summed up this solution as follows:

"With regard to the proletarian problem, a comparison between European practice and North American experience has taught us that it is by individualising the value
of the operative, by developing his efficiency and increasing his capacity to earn that we shall succeed in making him an integral part of our social life". 76

From this starting-point, he developed his theory of the poverty and backwardness of Brazil and the need to raise, concomitantly, the standard of living, the purchasing power and the production of social assets of the Brazilian people. Indeed, the cry "We need to raise our average standard of living!" became his main theme from then on.

Meanwhile, the newly-created Ministry of Labour had begun to promulgate a broad programme of social legislation, to which the industrialists had to take up an attitude. Simonsen had rejected mixed arbitration tribunals back in 1919, on the grounds that each side would be trying incessantly to defeat the other and that questions between Labour and Capital could not be resolved permanently in an atmosphere of dissension. 77 He was fond of saying that "laws and decrees do not create productivity and wealth" but he did not reject the labour legislation outright, as did some industrialists. 78

Instead, he criticised the one-sidedness of the government's social legislation. In a lecture to a group of visiting American university students in 1939, he noted that "Brazil has made great progress in social reform" and proceeded to enumerate the labour laws passed by the government; he calculated that these represented a burden of more than 10% to the employer, over and above his annual wage-bill. Simonsen concluded that "there is, in fact, between this excess of measures for social reform and the lack of measures to stimulate production a general inconsistency". 79 In private, however, he was a good deal more outspoken and he complained bitterly about the lack of consultation and the constraints imposed upon the industrialists by the innumerable social laws and regulations, giving the Two Thirds Law as an example.
"Industry is not hostile to good labour legislation. All its interest lies, precisely, in that there should be laws regulating the relations between employer and employee, establishing the rights and duties of each one. It does not agree, however, that for one side there should be only duties and for the other, only rights. Yet this is the present situation".

Nevertheless, in April of the following year, 1940, he publicly retracted his earlier criticism when, at a banquet given for Getúlio Vargas, he declared:

"One of the great concerns of Your Excellency's government has been to establish an advanced social legislation which, to many unwary minds, has seemed to bring excessive burdens for our productive forces, cooling creative initiatives and preventing the formation and entry of capital which is so needed by a country like ours [...]. International events have, however, justified that orientation and the facts are demonstrating that the burdens which it caused us were compensated by the level of peace and social progress which we enjoy".

It is possible that this speech merely signalled a tacit bargain with Vargas, whereby Simonsen agreed to support the government's labour policy in return for the greater consideration which the industrialists were then receiving in matters of economic policy. However, Simonsen's later action in sponsoring the creation of SESI suggests that it was at least partly sincere.

The industrialists were also anxious to improve their image with the working class. In January 1945, as Vargas began to lose his grip and strikes broke out in the factories, F.I.E.S.P. distributed a pamphlet to the industrial workers of São Paulo containing a speech by Simonsen and introduced with the words:

"The industrialists of São Paulo have long been demonstrating their concern with social problems. [...] Our manufacturing sector is trying to keep up with the progress of technology, apply the rationalisation of
labour and carry out the social legislation in order not only to promote and improve production but also to meet the just desires of the orderly and hard-working proletarian population.

The fact is that we understand more and more the need for harmony between capital and labour, for the benefit of the progress of Brazil".82

The upshot of all this was the creation, at Simonsen's suggestion, of the Serviço Social da Indústria (SESI) by President Dutra in June 1946, i.e. after the return to democratic government. SESI was (and continues to be) an organisation run by the employers' syndical associations to provide social assistance for industrial workers and their families, being modelled on the highly-successful SENAI industrial training system and financed by a 2% levy on industrial payrolls.

SESI reflected Simonsen's optimistic belief that:

"The social problem in Brazil, as in any democratic nation, is susceptible to a full practical solution without the traditional foundations of public and political order being subverted, whether by revolutionary violence, which constructs nothing, or by the deceptive action of myths which are alien to the nation's pride and its historical character. There is no social question - housing, food, education, health and others - whose solution demands more than just goodwill and diligence on the part of those who are responsible for the preservation of our social and historical inheritance".83

He hailed SESI as:

"A work which will honour Brazilian employers and which will show, as soon as it is put into effect, that amongst us the climate will not be propitious to the insidious penetration of the class struggle, since workers and bosses will strive together through the Serviço Social da Indústria, to achieve a new way of life, with a wider and fairer distribution of wealth and with greater respect for the proletariat's dignity".84

Simonsen observed that developing societies were more susceptible to the impact of unrest abroad and thought that SESI could provide an ideological
counterbalance to "the forces of evil". Thus, besides its function of providing material social assistance for the workers, "SESI will be an educational force, not in the exclusive interest of one class—either the employers' or the workers', but in the general interest of society as a whole and the various groups which compose it". Then, using a contorted metaphor, he continued:

"SESI, alongside the democratic and liberal political parties, will be an educational force in the struggle against a grievous misinterpretation of the sense and reality of true democracy. And if you will permit me this biblical image, it will make the Brazilian working masses cross, with dry feet, the Red Sea of oppressive and inhuman totalitarianism and after the journey breathe the Brazilian atmosphere purified by our patriotism and by our democratic vocation".

Simonsen also reiterated a concept which had inspired the foundation of the Escola Livre de Sociologia e Política in 1933, when he predicted that research, to be carried out by SESI experts, would uncover the origins of social conflicts and help to solve them. These aims, together with SESI's primary function of providing material assistance in the form of discount stores, dental and medical care and recreational facilities, were to contribute towards social justice in Brazil. For, as Simonsen said in a speech in the Senate applauding Dutra's decision to outlaw the Communist Party of Brazil:

"We cannot allow the exploitation of man by man. Justice and Liberty are concepts which match and complete each other. The possibility of economic coercion tends to disappear where social justice is practised in accordance with the higher principles of Christian morality. The communist mystique appears noticeably reduced where social justice is practised."

Finally, to return to the fundamental question of the distribution and redistribution of wealth, we may ask if Simonsen thought that his theories would lead to a more egalitarian society. The answer is implicit in all the above but he was also explicit on the subject. In the speech inaugurating the Escola Livre, he spoke at length of the
need to form trained elites:

"Universal history contains examples of great civilisations constructed without a base in popular education. But there is no example of any civilisation which did not have as a foundation wisely and powerfully constituted intellectual elites". 89

"So the formation of elites should constitute one of the prime concerns of modern societies. Any social institution or doctrinal school which aspires to be adopted, any industrial or commercial association in order to reach its objectives, all need and demand, more and more, elite elements at their head". 90

In 1940, Simonsen noted philosophically that considerable differences in the standard of living and comfort continued to exist in the rich countries and that even in the United States, the richest country in the world, the poor classes amounted to about 40% of the population and those who lived with noticeable comfort, abundance and wealth did not reach 8 1/2%. 91 He accepted the need for the working class to maintain its self-respect when he decided that SESI's services should be paid for, which allowed the beneficiaries to have the right to demand efficiency and good quality, thus "establishing the principle that the worker is not a pauper". 92 But his general concept of the nature of society is seen clearly in a passage, significantly entitled "The Illusion of Equality", which he wrote in 1940:

"Let us not cultivate the illusion of a possible social and material equality amongst men. The social hierarchy, which is based on the ability of each individual, can never disappear; this is in harmony, furthermore, with everything which is observed in nature.

We can only try to make this hierarchy result more and more from the real value of individuals and not from the material goods which they possess". 93

The implications, as far as the social consequences of Simonsen's ideas are concerned, are clear: economic development would satisfy the material demands of the working class and remove the sources of conflict but it would leave the existing structure of society basically unchanged.
We have seen how, by the mid-1930s, Roberto Simonsen had formed a coherent system of ideas about the present state of Brazil and its economic and social future. Instead of being a mere apologist for existing industries, he was able to show that Brazilian conditions demanded industrialisation as a means of solving the country's fundamental problems. From now on, we find two main tendencies in his writings and activities: the refinement of his ideas and the struggle to have them put into practice. Neither of these was to prove easy.

The refinement of his ideas meant essentially a continuous effort to give them a sounder footing in economic science, both theoretically and statistically. This was hampered, on the one hand, by Simonsen's lack of basic grounding in economics; he had experience in business administration and banking but he had graduated as an engineer, and so his works show the constant struggle of an autodidact to clarify his theoretical ideas. On the other hand, Brazil at that time was woefully lacking in accurate statistics and Simonsen was forced to base much of his reasoning on his own calculations, many of them little more than estimates or guesses.

The struggle to have his ideas accepted and put into practice was even harder. There were two main reasons for this: firstly, Simonsen's personal and political isolation and, secondly, the fact that his suggestions ran contrary to the policies being pursued by the government in the early and mid-1930s.

Throughout Simonsen's life we find an undertow of personal hostility and suspicion towards him. Clearly, he had made powerful enemies through his involvement in São Paulo coffee politics in the 1920s and early 1930s. But on a more immediate level, there was a distrust of him personally which clearly emerged in an exchange with
an employees' representative, Waldemar Reikdal, in the Chamber of Deputies in September 1934; Reikdal felt that, although he could not put his finger on it, there was something about Simonsen which he instinctively mistrusted. An illuminating anecdote has it that Simonsen built, next to his holiday home in Campos de Jordão, quarters for his servants which were so comfortable and luxurious that they said he had built them that way because, when communism came, he would have to live there while they, the servants, moved into the main house.

The impression that Simonsen was "too clever by half" did not contribute towards a ready acceptance of his ideas.

More serious, however, was his political isolation, as an industrialist and a paulista, from the federal government of Getúlio Vargas throughout the early 1930s. Simonsen was closely identified with the regime overthrown by the Revolution of 1930. He had publicly declared his support for the financial policy of Washington Luís's government on several occasions and Murray, Simonsen & Co., the banking firm in which he was a partner, had acted as Lazard Brothers' agents in arranging a number of loans for São Paulo and other areas in the period 1926-28. Júlio Prestes, the President of São Paulo State, who was to have succeeded Washington Luís, had lent his enthusiastic support to the foundation of C.I.E.S.P., of which Simonsen was Vice-President; in return, the industrialists' association had supported his candidacy for the presidency. In November 1930, Simonsen and his brother were imprisoned for a fortnight, presumably because of their firm's involvement in coffee policy, and an inquiry was opened into the Construtora's contract to build barracks for the Army, which dragged on until 1935. Renewed violent attacks on Murray, Simonsen & Co. led to further inquiries into their dealings with coffee finance in 1933.
Furthermore, in 1932 São Paulo rose in rebellion against the federal government and Simonsen took a leading role in organising industrial production in the besieged state, fleeing abroad for a short time when the rebellion collapsed. Although his participation increased his stature within the State of São Paulo and, indirectly, launched his career as a public figure in national life, it did not make for good relations with the federal government. During the Constituent Assembly of 1933-34, which first brought him to the notice of a wider public, Simonsen collaborated fully with the anti-Vargas "Chapa Única" (United Front) of the paulista delegation, despite his nominal position as a "class representative" of all Brazilian industrialists. It is possible that he diverged from the paulista line and voted for Vargas in the election for President at the end of the Constituent Assembly. Nevertheless, he was amongst the representatives of São Paulo who publicly snubbed Vargas by returning home on the day train, thus missing his inauguration as constitutional president.

Consequently, by the mid-1930s, Simonsen was hardly in a position to exert any direct personal or political influence on federal policy-making. However, the later 1930s witnessed a gradual mending of bridges with the government in Rio as he moved over to support Vargas and, in return, was increasingly consulted on matters of economic policy. He produced reports for the Conselho Federal do Comércio Exterior, broke with the paulista delegation in Congress and publicly declared his support for Vargas's coup of 10 November 1937. As President of F.I.E.S.P. from 1938 onwards, he was accorded increasing prestige as the Estado Novo turned more and more towards a policy of industrialisation. But his real chance to exert influence came in 1942, when a personal friend of his, Alexandre Marcondes Filho, became
Minister of Labour; this gave him access to the higher levels of decision-making in the Estado Novo.

All this, however, lay in the future in 1934. At that time, Simonsen found himself not only isolated from the centres of policy-making but also at complete variance with the policies which they were then pursuing in the face of the Great Depression. The international economic crisis of 1929–30 had been a severe blow to Brazil's traditional export economy. The inflow of foreign capital ceased abruptly and exports dropped in volume and value, causing a reduction in the country's earnings abroad, a sharp fall in the exchange rate and a diminished ability to import. Foreign trade, and particularly coffee, remained in severe difficulties throughout the 1930s but, on the other hand, the home market held up well and prospered during this period. The milréis retained its domestic purchasing power and Brazilian industry, recovering quickly from the initial crisis in 1930, boomed from 1932–33 onwards.

However, the implications of this contrast between the foreign and domestic markets were only gradually perceived by the government and public opinion. The Vargas regime, far from representing the accession to power of the industrial bourgeoisie, engaged upon an orthodox policy of financial retrenchment. A British banker representing the Rothschilds, Sir Otto Niemeyer, visited Brazil in 1931 and suggested measures to achieve the financial reconstruction of the country which, he said, demanded two fundamental bases: the maintenance of budgetary equilibrium by all public authorities and the stabilisation of the currency. The government publicly accepted the report. In keeping with this orientation, Vargas's policy emphasized increasing exports in which Brazil had a cost and geographical advantage:
cotton, coffee, foodstuffs and certain raw materials. Existing industries were protected from competition by a decree prohibiting the importation of new machinery but the substitution of domestic manufactures for foreign imports did not have high priority.¹⁵ The increasing government intervention in the economy in the early 1930s was not designed to accelerate the process of industrialisation but rather to save the existing export economy.¹⁶

A concrete demonstration of Vargas's priorities can be seen in the way he dealt with a request by some Rio Grande do Sul meat-packers for the repayment of customs duties on imported tinfoil, which was used for canning meat for export. The director-general of the Department of Industry and Commerce supported the request on the grounds that it would allow various sectors of industry to work intensively, "with a noticeable increase in the manpower employed and, therefore, in the purchasing power of the proletarian class, which always results in an increase in consumption of all kinds of goods and, consequently, a stimulus to production in general". Vargas's pencil marks show, however, that he was much more concerned with the effects of this request on the government's fiscal revenue. Consequently, he ended by concurring with the Finance Minister, Oswaldo Aranha, that the treasury could not afford such generous exemptions.¹⁷

Clearly, industry did not have a high priority. The question of industrialisation was by no means new in 1930, however. It had been discussed intermittently since the beginning of the nineteenth century and a large number of factories and workshops had sprung up in a haphazard fashion during the intervening period.¹⁸ By the closing years of the Old Republic, the industrialists had become a powerful vested interest and were firmly settled in the ranks of the governing
"situation". When the old regime collapsed in 1930, the industrialists were seen, not as a progressive force but as a reactionary one. This unpopularity naturally rubbed off on the idea of industrialisation too.

In the early years of the Vargas regime, industry and the industrialists found themselves under attack from every direction. The working classes demanded higher wages and better working conditions, while the communists and the left attacked the entire capitalist system, of which the industrialists were the standard-bearers. Radical intellectuals and tenentes lumped the industrialists together with the great landowners as "plutocrats", and condemned them as obstacles to the creation of a democracy of rural smallholders, of which Alberto Torres had dreamt. Of the prominent intellectuals, only Azevedo Amaral saw industrialisation as the basis for Brazil's future development.

The most direct threat, however, came from the urban middle classes and a group of São Paulo coffee-growers, who attacked the protectionist tariff. This, indeed, was the Achilles' heel of Brazilian industry, which was quite unable to compete on equal terms with the imported products of the well-established industrial nations. Much of the protection for Brazil's incipient industries came, in fact, from uncontrolled fluctuations in the exchange rate, but public attention inevitably focussed on the tariff rates, since these were susceptible to governmental control. Protectionism and tariff barriers had been a subject of debate, often highly acrimonious in tone, throughout the Old Republic. The most vocal opposition was raised by the middle classes, who blamed the protectionist tariff for raising the cost of imported goods and forcing them to buy inferior-quality Brazilian products. Many farmers and exporters also had a vested interest in the free trade
system. In 1930, the São Paulo-based Sociedade Rural Brasileira, led by Octaviano Alves de Lima, mounted a campaign urging a drastic reduction in the Brazilian tariff, which, they hoped, would encourage other nations to reciprocate by opening their markets to coffee.24

Simonsen attacked this proposal, claiming that it would mean the transformation of the country into a vast coffee plantation and the lowering of the standard of living, with the consequent threat of social revolution.25 As for the complaints of the middle classes, he went to considerable lengths in the late 1920s and early 1930s to persuade people that the rise in the cost of living was caused by monetary and foreign exchange factors rather than by tariff barriers.26 Finally, he submerged the argument in the broader question of the standard of living.

Simonsen was not content merely to defend the tariff, however. On the contrary, he wanted changes too, since the existing tariff was fiscal rather than protectionist in character. In 1924, he suggested a policy of selective imports, facilitating the importation of machines, iron, steel, coal and medicinal products and making the importation of luxury products really prohibitive, as part of a broader policy to stabilise the exchange rate and diversify Brazil's exports.27 One of the main reasons for the creation of the Centro das Indústrias do Estado de São Paulo in 1928 was, apparently, to lobby for a protective tariff.28 In his inaugural speech, Simonsen asserted that though high tariffs existed in Brazil, they were fiscal rather than protectionist in intent. "A protectionist policy in the accepted sense does not really exist in Brazil" since the existing tariffs fell indiscriminately on various imported products, whether they were raw materials, manufactured products or foodstuffs. "A protectionist policy organised for the development of industries exempts raw materials and lightly
This concept of the tariff ran contrary even to the ideas of moderate opinion, which was prepared to accept the existence of Brazilian industry, however reluctantly. A scandalised São Paulo newspaper commented:

"One of the speeches made at the inauguration of the centre openly defended fictitious industry, which is considered by many to be a cancer on the national economy; this is because not even the textile industries, which are the most important ones, have managed to increase the growing of cotton, which is declining more and more". 30

Industries which did not use Brazilian raw materials were considered "fictitious" and "artificial". An editorial of the O Estado de São Paulo in January 1931 emphasized that the economy required the establishment of intimate links and mutual dependence between manufacturing industries and the natural primary activities, mining, agriculture and stock-raising. It ended by suggesting ways of encouraging local industry to use Brazilian raw materials, thus to "correct the errors of the past". 31

Vargas shared these views when he came to power. In his programme of January 1930, he said that, with regard to the tariffs:

"We should maintain the general, protectionist criterion for the industries which use national raw materials, but we should not encourage the growth of artificial industries which manufacture imported raw materials, raising the cost of living for the benefit of privileged firms". 32

In November of the same year, he was threatening to abandon protectionism for artificial industries. 33

At issue here were two fundamentally different concepts of the role of industry in the Brazilian economy. Those who wished to
restrict industry to processing Brazilian raw materials cast it in an ancillary role, which would leave the basic pattern of the export trade undisturbed. Simonsen, on the other hand, boldly proclaimed that the export trade must be subservient to the needs of the home market. His great originality lay in the way he linked industrialisation to the expansion of the internal market; this was the basis of his emphasis on the need to raise the standard of living of the Brazilian people.

To foster a more positive attitude towards industrialisation, he had to convince other sectors of the population that it would bring definite advantages to Brazil. In his speech at the inauguration of C.I.E.S.P. in 1928, Simonsen proclaimed that industries were a measure of the development of a people; they were centres of ideas and progress, helping to form trained elites and to expand man's understanding, by stimulating new research and new discoveries. Industries would help to increase the wealth, prestige and power of the Brazilian people, raise wages, cheapen production, enrich society, increase consumption, intensify trade and communications, and promote the victorious march of civilisation.

In 1931, he mentioned some of the factors which favoured industrialisation: Brazil was an enormous country with many raw materials and various sources of energy and motive power; it already had the largest industrial sector in South America, a large home market as regards the number of consumers, and physical conditions which were favourable to industrial development. However, there were also obstacles, such as inter-state taxes, the low purchasing power of the people, the shortcomings of the country's economic and financial institutions, the systematic hostility of a large part of public opinion and the inadequate protection afforded to industry by
legislation. On top of this there was monetary disorder, a shortage of credit and working capital, and an inadequate banking system. 35

Such complaints allied with hopes led inevitably to a broader consideration of general economic policy and the role of the State in relation to the economy, though it was not a consideration which Simonsen was eager or quick to undertake. Prior to 1930, when the liberal system seemed secure both politically and economically, there was no incentive for the industrialists in Brazil to theorize on their relations with the State. They relied on their personal connections and political influence with the ruling elite to secure the favours they needed: Simonsen was full of praise for Washington Luís's government. Even after the Revolution of 1930, whilst he was developing his ideas on the need to raise the standard of living of the Brazilian people, Simonsen made no explicit reference to the role which the government should play in such a process.

However, in 1933, he was elected as a class representative of the industrialists to the National Constituent Assembly, which met to write a new political constitution for the Republic, and so he was forced to define his thinking on the role of the State in the economy. The paulista bancada, with which he aligned himself, was mainly concerned with protecting the states' rights from federal encroachment and combating the socialist elements in the Constituent Assembly.

Consequently, when Simonsen delivered a speech in early 1934, 36 he placed a strong emphasis on the need to preserve and encourage individual initiative, although he was prepared to admit some government intervention in a supporting role:
"The State, in a country like ours, can stimulate and support production, protect labour and lay down sound, coordinating guidelines, so that these factors may progress in an atmosphere of harmony, reducing to the minimum the friction which creates social problems; however, it should never do this by intervening in the field of production, disturbing and diminishing initiatives worthy of support, causing the stimuli which create progress to disappear. The powers of the State in the field of economic activity are already too numerous, even in governments belonging to the liberal school."

Government action could help to increase prosperity by expanding wealth and reducing the cost of living, but it should do this mainly by strengthening and encouraging the individual.

"We can, then, be interventionists in our country, not, however, to oppose natural laws but with the intention of promoting situations in which the action of those laws can proceed in a direction favourable to our interests."

Thus, although the emphasis in this speech was on restricting the role of the government, Simonsen did not rule out State intervention altogether and left himself considerable freedom in deciding exactly how much he wanted and in what circumstances. The problem was to be to persuade the government to intervene in the way he wanted.

If the ideas outlined above, protectionism, industrialisation and State intervention, were to be adopted as a deliberate change in overall policy rather than ad hoc innovations to counter individual problems, they needed to be fitted into a broader vision of Brazil's place in the world. Simonsen moved tentatively towards a position of economic nationalism with his vision of an independent economy based on agriculture and industry. In 1928, at the inauguration of C.I.E.S.P., he observed that, although Brazil's economic structure should rest on agriculture,

"the economic independence of a great nation, its prestige and its political activity as an independent
people in the concert of the nations can only be taken into due consideration if that country possesses an efficient Industrial Sector, on a par with its agricultural development.

Economic independence and, therefore, perfect political independence can only exist, in general, in the States in which Agriculture and Industry are joined in strict harmony and intimate interdependence.\textsuperscript{39}

Consequently, he attacked those Brazilians who were opposed to industrialisation for:

"working, consciously or unconsciously, for foreign nations who are interested in conquering our markets and [...] labouring for our return to the position of a colony of foreign producers, still at the mercy of an economic blockade in case of war".\textsuperscript{40}

Such sentiments must have sounded strange coming from the lips of Messrs. Lazard Brothers' agent in Brazil and in later speeches he played down the combative tone of his appeal to nationalism.

Simonsen's ideas also needed to be coupled with some pragmatic suggestions, if they were to have any immediate application to the problems facing the country. He was forced to consider these problems directly in 1930 when, on the instructions of Júlio Prestes, he had an interview with President Washington Luís to request direct assistance from the Bank of Brazil for the Bank of the State of São Paulo to help it meet its coffee obligations. During the course of this interview, Simonsen outlined his ideas on the causes of the crisis in Brazil and the measures which might be taken to attenuate it. He listed the causes of the crisis as the over-production of coffee, the international financial crisis, the policy of the Bank of Brazil, the political agitation and the lack of elasticity of the currency. In response to this fairly comprehensive list of causes, he could offer only a series of partial expedients, namely: the adoption of measures to restore calm and confidence, at home and abroad; credit facilities; the prohibition or restriction of immigration; measures to increase
the purchasing power of the rural population, including governmental purchases of coffee stocks; restrictions on imports and measures to prevent dumping; and finally, a programme of public works and the channelling of State purchases to Brazilian industries. These were essentially emergency measures intended to keep up internal demand and tide the country over a period of crisis. Yet they are interesting for their expansionist outlook instead of the then orthodox attitude of retrenchment. In justifying them, Simonsen noted the danger of relying on a single export crop and urged a policy of expanding industry.

By 1935, however, Simonsen was ready to develop his ideas into a systematic argument and to make some practical proposals. We have seen how, in 1934, he systematised his ideas on the economic state of Brazil and its effects on internal conditions. Now he set himself to do the same thing in regard to its effects on the country's relations with foreign countries. The immediate reason for the speech he made in September 1935 in the Chamber of Deputies was the U.S.-Brazilian Commercial Treaty of February 1935, which was then being discussed in the Brazilian Congress. This treaty was signed against a background of increasing trade rivalry between Nazi Germany, which was pushing for bilateral commercial agreements involving non-convertible currency (compensation marks), and the United States, which stood by the traditional free trade system, based on treaties with the most favoured nation clause. At the same time, bondholders from Britain, the United States and other countries were putting pressure on Brazil to fulfil its obligations on the foreign debt; payments on this had been drastically reduced because of the country's parlous financial situation and lack of foreign exchange. In the commercial treaty, the Brazilians reduced the duties on some light industrial goods in
return for the Americans not imposing any restrictions on coffee
sales in the United States. 44

Simonsen and the other industrialists in the Chamber fought against
ratification of the treaty. Their reasons for opposing it emerged
clearly from the interruptions which Simonsen made to a speech by
Paulo Martins defending the treaty. 45 On the one hand, he complained
that Brazil lacked a definite commercial policy and had not produced
a set of its own proposals; instead, it had confined itself to dis-
cussing the American proposals and considered itself lucky to have
managed to grant less than the Americans had originally demanded. On
the other hand, there should have been reciprocity in relation to the
value of trade, but in this treaty "we got only a consolidation of
favours, we did not increase our exports to the United States because
of this consolidation and we are giving reductions and favours,
favouring the current in this direction". Furthermore, the treaty
implicitly contained the dangerous principle of sacrificing existing
activities by giving favours to American manufactured products which
were already being produced in Brazil. However, he was able to give
few convincing concrete examples and had already admitted that the
fall in the exchange rate since the signing of the treaty had cancelled
out the concessions made to the Americans.

Nevertheless, on 11 September, Simonsen delivered a major speech
to justify his opposition to the commercial treaty. 47 In this speech,
he gave his view of the problems facing Brazil's trade and economy
and suggested that they might be solved by the creation of an insti-
tute to encourage exports and a general plan for the rationalisation
of the country's agricultural and industrial production. Simonsen
began by taking up a position of moderate economic nationalism; he
asserted that financial problems connected with budgetary equilibrium
depended upon the solution of the country's basic economic problems and that "the existence of the independent State presupposes the co-existence of an independent economy". The governments of the advanced nations were busy strengthening their economies and yet Brazilians had failed to understand the need to defend their own national economy. This was because they had clung to doctrine, insisting on the interdependence of political liberalism and free trade theories.

"But the experience of more than a century is there to demonstrate that if political liberalism determines the equality of the political rights of all the individuals within the same country and the inviolable observance of the political rights of the nation itself, the free trade idea signifies the predominance of the strongest and of the one best organised in economic matters, which means to say, to be quite candid, that it can bring individuals and countries almost to economic slavery".

Thus, unlike Argentina, which had a favourable climate and products in great world demand, Brazil could not base its prosperity exclusively on foreign trade but "must resort on a large scale to the development of its home commerce".

However, Brazil was a poor country, in desperate need of capital, and so it was desirable to establish a connection between the problem of its foreign debts and the needs of its national economy. The home market was continuing to thrive, largely because of the low exchange rate, which meant that the problem was not so much obtaining a return on the capital invested in the country as transferring it to the creditors abroad. Therefore, it was necessary to form an alliance between the foreign investors and the domestic producers, and "to link courageously the problem of our exportation with that of the satisfaction of our obligations abroad". Brazil should seek to negotiate an adjustment with its creditors, for example, by reducing the capital on the basis of the average exchange rate at which it came into the
country or by bringing interest rates into line with the rates prevailing in foreign capital markets. At the same time, it would have to compensate for the cessation of the influx of new capital by exporting goods to the value of the sums required for remittances. Consequently, Simonsen suggested the creation of a National Export Institute to regulate exports, foreign exchange and payments on the foreign debt; a general policy for the rationalisation of agricultural and industrial production, to be drawn up by the Ministries of Agriculture and Labour; and the restriction of imports by control of the exchange market and the establishment of an order of preference.

The remainder of the speech was devoted to a lengthy review of Brazil's past trade policy, or rather lack of policy, and a warning of the dangers which faced its economy. Simonsen was particularly worried by the slow rate of capital formation in Brazil and by the fact that the country's population was increasing rapidly while the gold value of its trade and production remained stationary. Furthermore, the closed-door policy of the great powers, the competition from other tropical and sub-tropical regions and the over-production of coffee threatened to repeat the pattern of earlier economic cycles, which had ended in collapse. Therefore, Brazil should reorganise its agricultural production and, "so far as concerns industry, follow a frankly protective policy". Simonsen ended with a strong appeal to his countrymen to adopt a definite economic policy, with the aim of stimulating the internal economy, increasing exports of coffee and other products, controlling imports selectively and solving the problem of remittances on the foreign debt.

Thus in this speech, Simonsen delivered a swingeing attack on
the effects of economic liberalism and established as his basic premise an independent national economy. On this foundation, he built up a critical analysis of the economic problems facing Brazil with regard to foreign trade and foreign capital investment. In fact, he foreshadowed a great deal of post-war economic thinking on underdeveloped countries. On the one hand, he noted that the terms of trade were turning inexorably against the primary producer, with the consequent shortage of foreign exchange stimulating the growth of industry producing for the home market. On the other hand, there was the problem of attracting foreign investment to an economy which was short of domestic capital and experiencing a rapid growth of population; although the main difficulty in the 1930s was servicing the foreign debts already acquired, Simonsen was also thinking of the need to attract new foreign investment to aid the further development of the Brazilian economy. In the idea of an independent national economy, he had found a basic premise which, like the idea of raising the average standard of living outlined in his speech of 1934, was potentially capable of appealing to a wide range of opinion. Yet, despite its autarchical overtones, it was a vague image, capable of widely differing interpretations in practice. In essence, it was typical of Simonsen's "consensus" outlook, which envisaged programmes which would benefit everyone.

Some time later, a bill setting up the National Export Institute was presented to Congress. The Institute was to be an autonomous body, the board of administration being composed of a president nominated by the President of the Republic, a deliberating council to be formed of ten representatives from the various economic regions of the country, and a consultative council to be composed of one delegate each from
the Ministries of Labour and Agriculture, one representative of the Bank of Brazil and nine experts in national and international economic affairs. One half, at least, of the consultative council was to be composed of Brazilians, representing agricultural, industrial, banking and commercial activities.

Once the Institute was organised, the federal government was to enter into agreements with the representatives of foreign creditors, granting them preference in the allocation of foreign exchange from the surplus on the balance of trade. Whilst the international situation remained abnormal, the existing exchange restrictions would remain in force, with the addition of the following: no imports were to be permitted unless the Bank of Brazil confirmed the existence of a bank credit, in foreign currency, to meet the necessary payments; the federal government was to apply the system of import quotas to those countries which applied them to Brazilian products; the Bank would only give foreign exchange cover to importers after the quotas for foreign creditors had been deducted from the value of exports; new capital entering the country on a permanent basis was not to be subjected to these restrictions. Finally, an agreement was to be made between the federal government, the governments of the states, the Bank of Brazil and the Export Institute, whereby the Institute would take charge of all transactions relating to the service of the foreign public debt and, eventually, the transfer of earnings of foreign capital invested in the country.

The National Export Institute was based on Dr. Schacht's "New Plan" for foreign trade in Germany. Its purpose was to encourage exports and to control imports so as to ensure a favourable trade balance with which to meet the service of the foreign debt and other
government requirements abroad. Imports would be regulated by control of the exchange market, in such a way that they would only amount to a figure corresponding to the values normally exported, minus a quota necessary for remittances abroad; importation could only take place if there were funds to pay for it and an order of preference was to be established, with raw materials for Brazilian industries, wheat and fuel, pharmaceutical products and elements necessary for the country's economic structure in first place. 55

Reaction to Simonsen's proposals was not enthusiastic. In the Chamber of Deputies, Moraes Andrade warned against entering into competition with England and the United States, an intention which Simonsen disclaimed. The British Ambassador, while reporting the project, thought it unlikely to be put into practice and the British Chamber of Commerce in São Paulo, calculating in the way Simonsen suggested in his speech, estimated that the amount to be remitted would be about £13,500,000 sterling or a sum slightly in excess of that required yearly under the Oswaldo Aranha and other schemes for the liquidation of frozen credits, so the bondholders would be no better off than they were under the existing arrangement. Meanwhile, the Monitor Mercantil, a commercial journal, was attacking the project, claiming that its real purpose was to restrict to the minimum Brazil's purchases abroad, which would eventually reduce the country's export trade. 57 The Folha da Manhã of São Paulo was far more outspoken, lambasting the plan as "a bold offensive by the Brazilian protectionists and the international bankers against the interests of the nation", and criticising it for "favouring even more the fictitious industry which is impoverishing Brazil". 58

It was, however, the opposition of agricultural interests which
finally killed the project. The Sociedade Rural Brasileira campaigned against it on the grounds that it would inevitably lead to severe restrictions on the export trade, and warned that it would compromise the autonomy of São Paulo and the other states. The Governor of Paraná also voiced the opposition of the producers and exporters of that state. Consequently, the Conselho Federal do Comércio Exterior, to which the project had been sent, recommended its rejection, arguing that it was the responsibility of the Minister of Finance to draw up a plan for the revision of the external debt and that the protectionist nature of the project conflicted with the spirit of a recent law by which Brasil had denounced most of its foreign commercial agreements; there were also certain contradictions within the text of the plan. Thus Simonsen's first essay in developmental planning ran counter to contemporary government policy and he did not have sufficient influence either on public opinion or in the inner circles of policy-making to get this policy changed. His project was soundly rejected.

Meanwhile, Vargas had put pressure on Euvaldo Lodi to cease the industrialists' opposition to the commercial treaty and it passed through Congress and was ratified in December 1935. As for the general plan for the rationalisation of agricultural and industrial production, which Simonsen suggested should be drawn up by the Ministries of Agriculture and Labour, a meeting was held in July 1935 between the Minister of Labour, the experts of the M.T.I.C. and various "class deputies" which drew up the bases for the discussion of such a plan, but nothing more was heard of it.

Brazil's exports continued to stagnate, however, and as it became clear in the mid-1930s that the old international system of free exchange was not likely to be restored, the government began to look
round for means to replace the traditional export economy. Its attention increasingly focussed on industry and the home market. In early 1935, a member of the Conselho Federal do Comércio Exterior, Artur Torres Filho, suggested that the Council should commission a study on ways to expand Brazil's internal market and trade. After an initial flurry of interest, the project was dropped but eighteen months later, in November 1936, the C.F.C.E. began a nationwide inquiry into the possibilities of Brazilian industry. The telegram which was sent out asking for information stressed the personal interest which Getúlio Vargas was taking in the project. It emphasised that the government did not intend to restrict the import trade but merely wanted to dispense with unnecessary imports. It requested that particular attention should be given to the potential for exporting industrial goods to other South American countries.

The response was disappointing. Replies trickled in from isolated firms and industrialists' associations, but the suggestions they contained were scarcely new and some were merely requests for government loans. The most comprehensive reply came from the Federation of Industries in São Paulo. Originally, Simonsen's friend Euvaldo Lodi, who was president of the Confederação Industrial do Brasil, was to report on the results of the inquiry but he was abroad and so the final report was drawn up by Simonsen instead.

Firstly, F.I.E.S.P. had sent in a reply which clearly bore the mark of Simonsen's thinking. F.I.E.S.P. welcomed Vargas's initiative in opening the inquiry and emphasised that governmental action could aid the industrial development of a country, noting the example of the great industrial nations. It pointed out that industrial expansion would not conflict with the interests of farming and coincided with
the most vital interests of the nation. The principal need was to fix the guidelines of a broad agricultural and industrial policy for Brazil, since the lack of a stable economic policy was the greatest factor impeding the country's progress. Therefore, the first step to give Brazilian industry the vigour required to face foreign competition was to adopt a general policy of real support for production.

As for foreign trade, F.I.E.S.P. claimed that there was no antagonism between the need to support farming by expanding external markets, and protection for industry by developing internal markets and conquering foreign ones. Because of the vastness of Brazil's territory, the rate of growth of its population and the backwardness of its economic structure, the imports it needed were enormous. The country's purchasing power was limited, so preference should be given to the acquisition of productive capital goods rather than luxury items for immediate consumption. But greater industrial capacity would increase Brazil's needs for purchases abroad, since few industries used exclusively national raw materials and semi-manufactured products, so it was possible to reconcile Brazil's agricultural and industrial expansion with its need for international trade.

As a preliminary measure, F.I.E.S.P.'s memorandum suggested that a commission of experts should be created to decide which industries should be stimulated by the public powers, with the aim of defending the country, strengthening its economy and conquering foreign markets. These industries should be granted security in the knowledge that customs tariffs would remain stable; they would have exemption from tariffs for the import of raw materials not produced in Brazil, defence against dumping, a statistics service and a better draw-back law.
F.I.E.S.P. stressed that internal markets would have to form the basis for industrial development and thought that greater internal trade would both strengthen the nation and increase the demand for raw materials. It then suggested specific measures to stimulate the production of raw materials (credit, official standardisation, etc), the mobilisation of small savings, mail-order mechanising and the simplification of the tax system. It also urged the general need for measures to help penetrate foreign markets, especially credit facilities for exports. Finally, the memorandum raised a number of other problems, such as the need to investigate the low standard of living, and the consequently low consuming power, of a large part of the Brazilian population, the desirability of favouring the immigration of specialised workers, in view of the lack of sufficient vocational schools, the burdens imposed on industry by the government's labour legislation and the need for an adequate statistics service.

The F.I.E.S.P. memorandum was signed by its President, Paulo Alvaro de Assumpção, but it is fair to assume that Simonsen was largely responsible for it. Some of the suggestions were familiar themes of his: the need for protectionism and a definite government policy towards industry, the harmony of interests between agriculture and industry, the need for selective imports and greater attention to the home market. However, novel features were the desire to export manufactured goods and the call for a government commission to make a deliberate selection of industries which should be encouraged. This was a clear step in the direction of State planning of the economy. However, it should be noted that in his own report to the C.F.C.E., Simonsen returned to a more general call for the government to adopt an economic policy.
In this report, delivered on 27 September 1937, shortly before the establishment of the Estado Novo, Simonsen vent beyond his immediate brief concerning industrial expansion and gave a general survey of the Brazilian economy and economic policy. Nevertheless, most of his arguments were refinements of earlier themes. The principal significance of the report lay in the fact that it was commissioned by the government, which thus demonstrated a new interest in the possibilities of industrialisation, and the variety of measures which Simonsen was able to suggest.

In his general considerations, Simonsen emphasised that the interests of Brazilian industry coincided with those of the Nation. He again urged the need to raise the average purchasing power of Brazilians, trebling it from its present annual average of around 500 milreis, or a little over £6, to £20, thus raising annual purchasing power to a total of about £900 million. This purchasing power could only be obtained through internal exchange, since there were limits to the expansion of the exportation of Brazil's agricultural products.

"The dilemma which inexorably faces us is the following: either we shall produce within our frontiers 80% of what we need to raise the average standard of living of the country, reserving the external purchasing power deriving from our exports for the acquisition of articles necessary for our defensive and economic structure and of the products of specialised industries, or we shall be condemned to a growing state of poverty".67

Turning next to the complaints and suggestions sent in by the various commercial and industrial associations, Simonsen quoted at length from those presented by F.I.E.S.P., paying particular attention to measures needed to develop foreign markets for Brazilian manufactured products (a revision of the draw-back law, export credits to be
granted by the Central Reserve Bank, etc). Regarding internal credit, he noted that the organisation of the industrial banks legislated under the Provisional Government had been hampered by the reduction of guarantees formerly enjoyed by debentures and mortgage bonds.

He then went over the old argument that the high cost of living was caused, not by the tariff, but by the fall in the exchange rate, and asserted that if, instead of fiscal protectionism, Brazil had adopted a healthy industrial protectionism, its industries would now be much more developed, the average standard of living would be higher and the currency much less devalued. Brazil was gradually losing its external markets and so to do away with some of the characteristics of a backward, almost colonial economy, it should adopt a programme of strengthening its internal markets and trade within its frontiers. He claimed that the interests of Brazilian farming and industry were not antagonistic because, in future, the Brazilian industrial sector would have to be agriculture's main market, consuming its vegetable, animal and mineral raw materials. Industry, in turn, needed prosperous farming in order to provide it with capital and consumers.

Turning to foreign trade policy, Simonsen repeated his opposition to free trade and reciprocal treaties based on the most favoured nation clause. Brazil, as a poor country with a minimum and falling per capita exportation, could not adopt standardised commercial treaties but should make different adjustments with different peoples. The United States should be given absolute preference for the importation of economically-productive articles and a triangular solution involving the U.S. should be found to the problem of Brazil's economic and financial relations with Britain.
Simonsen ended with a series of conclusions which recommended:

a) the setting of guidelines for a stable agricultural and industrial policy; b) the revision of Brazil's foreign economic policy with the aim of securing markets for its export products and allowing only selective imports; c) measures to encourage credit for production and the mobilisation of small capital sums, the creation of savings stamps and export credits, and the reform of the debenture law to help the creation of industrial banks; d) the institution of State insurance to guarantee export credits; e) mail-order marketing and the use of savings stamps as a means of payment; f) the reform of fiscal policy, creating a gold customs tariff, relieving exports of the exchange confiscation and abolishing the import taxes which still existed in some states; g) the readjustment of various tariffs and tariff rates; h) the modernisation of the means of transport, using surpluses from the gold tariff fund to re-equip transport and to solve the crisis on the Central do Brasil Railway; i) the reform of the Two Thirds Law and of some of the restrictions on immigration so as to allow the use of specialised workers in certain industries; j) absolute preference for national products in public bodies and services; k) measures to expand the exportation of herva-mate; l) an urgent revision of the draw-back law; m) official support for the industrial missions organised by the Confederação Industrial do Brasil and the state federations to study the possibilities of supplying manufactured products to South American markets; n) measures to reduce the hostility of the tax inspectors towards the entrepreneurs; o) a solution of the crisis of over-production of coffee. 68

Thus, Simonsen ranged over the whole area of economic policy in his general considerations and drew up a comprehensive list of practical
suggestions but, perhaps bearing in mind the fate of his National Export Institute, he refrained from attempting a single overall solution to the whole problem. Indeed, he pointed out that most of these measures were within the jurisdiction of the various ministries, the legislature and the state governments, doubtless hoping that at least some of them would be put into practice.

In this he was to be disappointed. The C.F.C.E. sent out mimeographed copies of his report to all the ministries, asking for their comments. Only the Lloyd Brasileiro shipping line replied positively. Renewed requests in 1939 succeeded in eliciting replies from the Ministries of Transport, Foreign Affairs and the Navy, but no concrete measures were taken to implement the proposals.

Nevertheless, in 1941, when consideration was being given to ways of coping with the wartime emergency, the C.F.C.E. decided to study in detail the eleven main suggestions with which Simonsen had concluded his report. It found that some of the matters had already been resolved by subsequent legislation and that others were no longer opportune because of the wartime conditions. However, the study on credit for production and industrial banks dragged on until 1946. The lethargy, delays and lack of response which characterised this particular investigation illustrate the difficulties which faced any proponent of a programme of rapid industrialisation in this period. Yet, not the least of the delays was caused by Simonsen and Lodi themselves, who ignored repeated requests for information between 1944 and 1946.

The direct results of the C.F.C.E.'s inquiry into the possibilities of Brazilian industry were, in practice, negligible. Nevertheless, the very fact that it was carried out at all marked a considerable shift of government thinking in favour of industrialisation. This
change in emphasis was given greater urgency by external events in the late 1930s and 1940s. The outbreak of the Second World War threw Brazil back on its own resources and dramatically underlined the importance of a self-sufficient local industry. Brazilian factories were able to supply most of the country's needs for consumer and military products; in the process, the industrialists gained power and prestige, as well as high profits. These developments were reflected in the government's growing concern with industrialisation and its greater willingness to consult and accommodate the interests of the existing industrialists, not least in the field of social legislation.
"Here they all dedicate themselves to the study of law, unless they decide to dedicate themselves to women", commented an Italian socialist on the Brazilian upper classes. In an earlier chapter, we have seen that the intention of the Provisional Government was to submit labour relations and the social question in general to the rule of law. Furthermore, the overall concept of the social legislation was essentially a liberal one: the working class had genuine grievances in regard to working conditions, which legislation would remove. In return, it was hoped, the workers would give up their revolutionary aspirations and would work to resolve their remaining problems within the legal structure of the existing social system.

Such a concept depended not only upon a fundamental belief that the conflicting interests of the various social classes were reconcilable, but also upon a "reasonable" and co-operative attitude on the part of the workers. The first Minister of Labour, Lindolfo Collor, soon learnt from practical experience with working class militants in Rio and São Paulo that not all workers were prepared to be "reasonable" and co-operative, and so initiated a policy of control over working class organisations and their activities. This gradually intensified in subsequent years as a result of changes in the political situation and the growth of the bureaucratic structure of the Ministry. Inevitably, this was reflected in the labour laws, resulting in discussion on the manner and degree of State control over labour relations.

The top administrative posts in the newly-created Ministry of Labour were initially occupied by supporters of the Aliança Liberal who, as lawyers, had long been active participants in the working
class movement. Evaristo de Moraes, the first juridical consultant, had defended many workers in the courts whilst Joaquim Pimenta, who became the procurator of the M.T.I.C.'s Department of Labour, had acquired a formidable reputation as an agitator in Recife. Once installed in his administrative post, however, Pimenta's views became considerably more moderate.

Lindolfo Collor resigned from the government in 1932 as a result of political differences and Evaristo de Moraes went with him. At the latter's suggestion, Oliveira Viana was appointed his successor as Juridical Consultant of the M.T.I.C. by Afranio de Melo Franco, the interim Minister of Labour, on 19 March 1932. Viana remained in this position until late 1940 and exercised a formative influence on Brazil's fledgling social legislation. As Juridical Consultant, he was called upon to give his advice on most of the laws passed by the M.T.I.C. and his legal opinion on the numerous individual cases which reached the Ministry.

Perusing Viana's archive, one can see that he made his decisions on individual cases in a spirit of fairness, ostensibly favouring neither the employers nor the workers. As for the social legislation, looking back in September 1940, he reminisced:

"Salgado, however, in matters concerning social legislation, always listened to the Consultoria and always concurred with it; he even went to the point of sacrificing his personal opinion in order not to break the uniformity of my interpretation. This allowed me, in the very period in which labour legislation was beginning in our country, to clarify and define, through the solution of numerous concrete cases, the fundamental concepts of this new type of law, which were then undefined and fluctuating in matters of syndical organisation, holidays, the duration of work, labour disputes, labour justice, social insurance, etc".

The third Minister, Agamemnon Magalhães, also consulted Oliveira Viana regularly but for different reasons: although intelligent and
acute, he had the mentality of a provincial politician and feared the opinion of the Capital.

"Like Salgado, he never failed to hear me; but he heard me not through confidence in my good judgment, since he never liked me, but through cunningness - to cover himself against the blows of this same opinion, which was then free and uncontrolled. [...] He used my opinions as if they were the leather clothing of a cowboy - in order to cross in safety the obstacles barbed with the cactus prickles and Indian spears [xique-xiques e mundurucus] of the press, the courts and his position in Parliament". 6

Oliveira Viana implied that he did not have a close relationship with the Minister of the time, Waldemar Falcão, but, nevertheless, it was under this Minister that he produced his two most important and lasting contributions to Brazilian social legislation: the Labour Justice law of 1938 and the syndical law of 1939. In these laws and the controversies which surrounded them, Oliveira Viana helped define the nature and limits of State intervention in the delicate field of industrial relations, not only for the Estado Novo but also for the post-war democratic regime.

Viana's predecessor, Evaristo de Moraes, had a long history of involvement in the working class movement and held a reformist, social democratic outlook. Oliveira Viana, on the other hand, had never taken any part in labour affairs and, as the son of a rural landowner, came from a totally different background. What was his attitude towards the social question?

In an article reviewing Populações meridionais written in May 1929, the Marxist intellectual and general secretary of the Brazilian Communist Party, Astrojildo Pereira, wrote that the whole book "aims to justify historically, politically and socially, the predominance of the fazendeiros, the great landowners, those whom the author calls, with admiration, the 'rural aristocracy' " and berated Oliveira Viana's
work because it was "intended to prove that the class struggle does not 'exist' in Brazil - it never 'existed' in the past and so it should not 'exist' in the present...". It was, in short, a "reactionary, anti-revolutionary, anti-proletarian philosophy from the first to the last line".7

Looking back at Oliveira Viana's subsequent career, these criticisms seem valid but at the time they were made, they represented a gross exaggeration. Viana's main targets, explicitly named again and again, were the defenders of the Constitution of 1891 and the liberal reformers who wanted to institute a more democratic regime. Prior to his appointment as Juridical Consultant at the Ministry of Labour in 1932, he had scarcely even considered the social problem created by the growth of an urban working class. As he himself later observed, he was one of those who "had never taken the existence of a communist ideology in Brazil seriously [... ] , so unviable did it seem to me in our environment".8 Before 1930, he only referred to the social question once, in an article entitled "Nacionalismo e questão social", published around 1921.9

In this article, he condemned communism, socialism and anarchism as "retrograde utopias" and urged Brazil to follow the example of the English-speaking nations, who were solving their social problem by means of syndicalism. He praised the efforts of the trades unions to improve the living conditions of the workers by developing their individual well-being and the spirit of co-operation and solidarity. Then, using an argument which was later to become familiar, he claimed that maximalist communism was not justifiable in a country like Brazil, with vast stretches of land requiring the action of individual initiative and bold, entrepreneurial capital. It was really ridiculous to be
debating the distribution of wealth when the most elementary problems relating to its production had still not been solved. Communism and egalitarianism would be the negation of Brazil's history, he went on, evoking the daring individualism of the bandeirantes, and a communist republic would mean the end of its civilisation and its annihilation in the face of the strong and progressive peoples of the world. Therefore, he concluded - and this was the crux of the article - the reaction of the country's ruling and conservative classes against these foreign ideas was fully justified by their duty to defend the nation.

This one article was, however, lost amid a welter of attacks on liberalism. Consequently, Oliveira Viana entered the Ministry of Labour with little intellectual preparation on the subject of urban labour and his early years there were spent in an enormous effort to master the juridical and technical complexities of social legislation. Only in his last years as Juridical Consultant did he publicly articulate a philosophy of coping with the social question, a philosophy which coincided with the official position of the Vargas regime.

This philosophy is most succinctly explained in a typewritten note which exists in his archive:

"What we need to do is to sweep away, drastically and violently, all these proponents of the class struggle. There is nothing more completely foreign to our civilisation than the class struggle. We have never known it. We have never had class antagonisms. We have always been brought up in the shadow of a benevolent, patriarchal system". 11

However, Viana was willing to admit the existence of a social question in Brazil. Consequently, he thought that they should avoid the perils of communism, not so much by "beating back and trying to crush, through persecution, the proponents of these absurd ideals" but rather by:
"trying to find, within the system of present institutions, a formula which would be capable of satisfying the aims and aspirations for social justice which they preach and demand. These aims are just and the criticism which they level at the present social and economic order, stemming from untrammelled capitalism, seems to me unanswerable". 12

The answer lay in social legislation. The conservative rationale behind Viana's acceptance of this policy was explained in a paper which he wrote on the role of the social security and syndical institutions in the social policy of the Vargas regime. Oliveira Viana said that its objective could be:

"summed up in this formula: progressive raising of the standards and dignity of the working classes within the capitalist regime. This means, however, that the raising of their standards and dignity must be achieved not by suppressing the steps in the social hierarchy nor by eliminating the upper classes nor by levelling all the categories of society - as bolshevism tried to do (in any case, without success), but, rather, by making the working classes share progressively in the advantages and emoluments with which our civilisation has been providing comfort, well-being and human and social dignity for the upper classes for more than a century". 13

This emphasis on the worker's dignity as a human being was, Oliveira Viana explained on another occasion, an advance on the early social legislation, in Brazil and abroad, which merely aimed to protect the individual worker from the rapaciousness of the bosses, in the way one would look after a machine. The new social policy had five main objectives, namely, to modify the attitude of the employers towards their workers; change the workforce's hostility towards the employers as well as the sense of their own inferiority; create a material and social environment which would develop the workman's awareness of his human dignity and value to society; organise the social mobility of the working class (i.e. the means of rising for its more intelligent members); and officialise social assistance, raising it to the status
Oliveira Viana waxed lyrical over the benefits of the various social security services. Yet he was anything but a socialist or even a proponent of the Welfare State. He declared openly that he did not believe in a society without misery; misery was as eternal as the world and there would always be a certain percentage of degenerates (incapazes) who could not rise or improve themselves. This derived from hereditary, not social, causes and so the social system was unable to eliminate it. On the other hand, the most unjust misery was that of capable people who were able and willing to leave their misery but could not do so because society did not give them the means. This was unjust misery because it stemmed from bad social organisation, and it could be corrected and eliminated by the combined action of the State and private initiative.

Brazil, continued Viana, had millions of proletarians who were capable of running small-holdings and small businesses, and achieving an average level of technical education. The way to solve the social problem was to create the social, economic and spiritual conditions which would allow the best-endowed and most capable elements of the vast proletarian masses in the towns and countryside - principally the countryside - to rise peacefully. Thus, Oliveira Viana advocated the encouragement of small-holdings: this policy would achieve, not the general proletarianisation of society, but rather the deproletarianisation of Brazil's proletarian classes. This, he concluded, was possible without altering the structure of the country's traditional institutions because of the vast amount of spare land in Brazil; consequently, there was no need for a collectivist solution or the elimination of the bourgeois classes, especially the large landowners.
Thus, Oliveira Viana returned to his old theme: the root of the problem, and its solution, lay in the countryside. Social legislation for the urban working class was, in his eyes, essentially a holding operation. Nevertheless, this did not mean to say that Viana's activities in this area were of purely secondary importance. Indeed his two most practical and lasting contributions were the outcome of his work in the M.T.I.C. The Labour Justice law of 1938 was the result of his growing interest in corporatism, which had begun in the mid-1920s with his proposals for technical and consultative councils and which was further stimulated by his extensive reading of Italian writers in the 1930s. The reform of the syndical legislation which Viana conducted in 1939, on the other hand, was a continuation of existing government policy rather than of his own thinking, yet even here he tried to give it a personal interpretation.

In a speech on the subject, Oliveira Viana observed that the main principles governing Brazilian syndical policy since 1931 had been, firstly, the deliberate separation of the two characteristic elements of European syndical organisations: trade-unionism and socialism; Brazilian syndicalism was neither revolutionary nor reformist but was vocational, corporative and Christian. Secondly, there was a rigorous separation between syndical organisations and political parties. Thirdly, the sindicato in Brazil was "not so much a technique of occupational organisation but rather a technique of social organisation of the people" since it covered not only the workers but also the employers and even the liberal professions and self-employed persons. This was because the central thinking which guided the creation of the syndical organisations was not to prepare a climate for social struggles. On the contrary:
"The intimate thinking, the great idea behind our syndical policy is to organise the people: to give it a structure, joints and a backbone; to create in it those centres of social solidarity, those focal points of collective life and consciousness which our historical evolution [ ... ] has not allowed to be formed."\textsuperscript{17}

The main aim of the Revolution of 1930 had been to counteract the situation existing in the Old Republic where the people had been absent from the State. Thus it had brought the employers and working classes into the structure of the State through the sindicatos, autarchies, pensions funds and institutes, class representation, etc., with the result that the State tended to identify itself with the people and the people with the State. Consequently, the social policy of the Revolution had two main objectives: on the one hand, the elimination of the spirit of internationalism and the infiltration of Marxism and bolshevism by forbidding the syndical associations to affiliate with foreign ones and, on the other hand, the elimination of the spirit of localism by the subordination of all the syndical associations and social welfare institutions to the federal government.

Together, these measures would restore the unity of the Nation and the strength, prestige and authority of the Central Power. In this way, Viana tried to reconcile the guidelines of the government's social policy with his own ideas on Brazil's need for political reconstruction and national unity. In both cases, the sindicato held the key.

The basic pattern of Brazilian labour relations was established by Decree 19770 of 19 March 1931, which regulated the formation of sindicatos.\textsuperscript{18} This law, which was based on the French loi Waldeck-Rousseau of 21 March 1884, was drawn up by Joaquim Pimenta and Evaristo de Moraes and was signed by Collor and Vargas.\textsuperscript{19} The decree
provided for governmental recognition of the sindicatos but did not make their creation or belonging to them compulsory. It applied to both employers and workers, who were to organise separate sindicatos, and restricted the sindicatos to defending the immediate economic interests of their members and providing social services, while it proscribed political activity. It also restricted their scope to identical, similar or connected occupations and provided that only one sindicato would be recognised for a particular category of workers or employers in a given area (sindicato único or unidade sindical).

In return for legal recognition by the government and protection from reprisals by the employers against syndicalised workers, the sindicatos had to accept a considerable degree of direct and indirect control by the M.T.I.C. The measures of indirect control included the prohibition of religious or political propaganda within the sindicatos and of their involvement in outside elections, as well as of interference in them by outsiders; restrictions were also imposed on the participation of foreigners and on links with international labour organisations. There were also a number of direct controls: to obtain legal recognition, the sindicatos had to comply with the basic organisation laid down by the law and also had to present the M.T.I.C. with a copy of their statutes, a copy of the act of installation and a detailed list of their members; they had to send annual reports to the M.T.I.C. and their relations with the government were to be conducted through the Ministry. M.T.I.C. delegates had the right to attend the general assemblies of the sindicatos, examine their financial situation and report any irregularities, while among the penalties for breaking the law was one which allowed the M.T.I.C. to depose the leadership of a sindicato, appointing a delegate to
run it until elections for new leaders could be held, or even to close it altogether. Finally, a pretext for ministerial intervention was provided by the right granted to aggrieved members of sindicatos to appeal to the Minister against any acts of the leaders or general assemblies which infringed their rights or were contrary to the law.

To complement this law, Collor also drew up decrees instituting commissions to conciliate in collective labour disputes, tribunals to deal with individual disputes, and collective labour conventions to establish minimum standards for working conditions. These measures were promulgated by his successor, Salgado Filho.

The militant leaders of the working class saw the threat to their position posed by this law and protested vehemently against it, but those of a reformist or opportunistic bent found it sufficiently attractive to co-operate with the government. Their activities can be seen both in the steady increase in the number of sindicatos recognised and in the acts of personal homage (homenagens) to the Minister which were reported in the press. This was particularly so under Salgado Filho who, despite his origins as the head of the 4th Auxiliary Delegacy (the forerunner of the infamous DOPS - political police), had attracted a considerable personal following amongst the workers of Rio. Salgado Filho tried actively to encourage syndicalisation by attempting to make membership of a sindicato a precondition for the right to claim holidays and by dispatching delegates of the M.T.I.C. to other states to help found sindicatos.

Another factor was the attitude of the employers towards syndicalisation. Although some accepted the principle phlegmatically and merely suggested minor changes in the law, others protested vehemently, claiming that it would encourage the workers to make
impossible demands; yet others took the pragmatic course of dismis-
sing workers who joined sindicatos. Much to the chagrin of the
M.T.I.C., they remained quite indifferent to the provisions for their
own syndicalisation until 1933, when the sindicatos were given the
opportunity to elect class representatives to the Constituent Assembly.
The number of employers' sindicatos then mushroomed. 26

However, the most effective opposition to the syndical law came
from two other sources: the tenentes and the Catholics. The experts
of the M.T.I.C. wanted single sindicatos concerned only with economic
and occupational matters. The tenentes, on the other hand, wanted to
give the sindicato a political role, so they persuaded Vargas to allow
the sindicatos to elect class representatives to the Constituent
Assembly. There was much discussion of the virtues and drawbacks of
class or professional representation in the Assembly and eventually
the Constitution of 1934 provided for the election of a sixth of the
Chamber of Deputies by the sindicatos. This provision gave a great
stimulus to the process of syndicalisation but many of the sindicatos
thus formed had little more than a paper existence or were more
interested in party politics than protecting workers' interests. 29

Meanwhile, the concept of the sindicato único, or single sindicato
representing a particular group of workers in a given area, came under
attack from the Catholics. The latter had started organising the
working classes in the late 1920s under the influence of Cardinal
Sebastião Leme and in 1931, they were planning to set up a National
Confederation of Catholic Workers; at the same time, Catholic Workers'
Circles were beginning to spring up in Rio Grande do Sul and to spread
to other regions. 30 Joaquim Pimenta, however, was a notorious anti-
clerical and by stipulating the sindicato único and prohibiting
religious propaganda in it, he had effectively squashed these efforts.\textsuperscript{31} Led by Alceu Amoroso Lima, the Catholics protested against this discrimination and demanded that the law be changed to allow more than one sindicato to be formed for each group (\textit{pluralidade sindical}) and permit religious propaganda to be carried on in them.\textsuperscript{32}

A memorandum to this effect was presented to the M.T.I.C. and the task of replying fell upon Oliveira Viana. In his legal opinion, Viana considered that a special case might be made for Catholic propaganda, since it was the religion of the vast majority of the Brazilian people, but he condemned the idea of abolishing the sindicato único.\textsuperscript{33} A project for the reform of Decree 19770, which among other things would have permitted the formation of religious sindicatos, was published in the \textit{Diário Oficial} in May 1933 but, despite Catholic promptings, no action was taken by the Government.\textsuperscript{34}

The Catholics, therefore, brought up their demands in the Constituent Assembly and one of the representatives of the liberal professions, Ranulpho Pinheiro Lima, managed to obtain the insertion in the new Constitution of a provision assuring syndical plurality and the complete autonomy of the sindicatos.\textsuperscript{35} This coup infuriated the employees' representatives, who stood up, one after another, to denounce it: they wanted autonomy from the M.T.I.C.'s control but feared that plurality would divide and weaken the working class movement.\textsuperscript{36}

The M.T.I.C. bowed to the will of the people's elected representatives with a singular ill-grace. It already had its own replacement for Decree 19770 ready and waiting to be promulgated. As soon as the final provisions of the future Constitution were known, it was shorn of the most flagrant measures of ministerial control and other-
wise modified to follow the letter but not the spirit of the Constitution; it was then signed by Vargas, still using his discretionary powers as Head of the Provisional Government, just before the new Constitution was promulgated. 37

This law, Decree 24694, was largely drawn up by Oliveira Viana and, in lay-out and terminology, was heavily influenced by the Italian fascist law of April 1926 but, in essence, it maintained the basic pattern set by Decree 19770. To comply with the Constitution, more than one sindicato could be recognised for a given group in each area, but the requirement that such sindicatos had to include at least a third of the respective group effectively limited the number of sindicatos in each case to two. The sindicatos still had to seek legal recognition from the M.T.I.C. and the more subtle forms of control, such as the requirement to send reports to the M.T.I.C. and the right of aggrieved members to appeal to the "appropriate authority", were retained. Mischievously, the law continued to prohibit religious propaganda in the sindicatos.

From the point of view of the M.T.I.C., the changes imposed by the Constitution could not have come at a more inopportune moment, as there was a series of major strikes in 1934, which provoked public criticism of the Provisional Government's social policy. Salgado Filho replied defensively that the social legislation was not intended to do away with strikes but merely to ensure their peaceful settlement. Nevertheless, the British Ambassador noted a hardening of the authorities' attitude towards strikers. 39

Functionaries in the M.T.I.C. suggested various subtle ways of maintaining their control, such as imposing conditions for granting legal recognition and refusing to have any dealings with recalcitrant
sindicatos, and their task was eased in the aftermath of the communist uprisings of November 1935, when the courts upheld the legality of these and other forms of intervention in sindicatos against appeals based on the constitutional provision for complete autonomy. Early in the following year, the then Minister of Labour, Agamemnon Magalhães, made a revealing speech to Congress in which he defended himself against accusations of being sympathetic to communism by cataloguing the ways in which he had manipulated and intervened in the syndical movement in order to combat communist infiltration. He concluded:

"In Brazil, the revolution [of 1930] found the working masses scattered [...] and, instead of allowing them to organise themselves autonomously, in conflict with the State, it learnt from the experience of other peoples and organised the sindicatos, transforming them into organs of the State itself". 41

Furthermore, the National Security Law of 1935 allowed employers to dismiss workers accused of being communists without notice or compensation, and the savage police repression which followed the uprisings effectively broke the remains of the independent working class movement. The Estado Novo was then installed without opposition and Oliveira Viana had a clear ground on which to establish the definitive structure of Brazilian industrial relations with his Labour Justice law and the reform of the syndical legislation.
The Provisional Government had instituted permanent councils to conciliate and judge in individual disputes (Juntas de Conciliação e Julgamento) and joint commissions to conciliate in collective disputes (Comissões Mistas de Conciliação): both were formed on a "paritarian" basis, i.e. they had an equal number of representatives of employers and workers, presided over by a government nominee. The government had also instituted collective labour conventions to establish minimum standards for working conditions in a given occupation in a certain area: these were to be agreed upon and signed, in the first instance, by employers and workers or their respective sindicatos, but if three-quarters of the employers and workers in a particular occupation in a given area had signed a convention, the M.T.I.C. could extend it to cover all other members of that occupation in the same area. 1

The labour tribunals were not very successful because their decisions had to be executed by the ordinary justice, which led to interminable delays, and the arbitration in collective disputes was optional and, therefore, was usually ignored. 2 The major strikes of the period were settled by the Ministry of Labour, the police (sometimes violently and sometimes by negotiation) and even, on occasion, by the personal intervention of Getúlio Vargas himself. 3 Consequently, the tenentistas, the employees' representatives and others wrote into the Constitution of 1934 a provision establishing a permanent, autonomous labour justice to settle disputes. 4

Oliveira Viana, in consultation with other sections of the M.T.I.C., drew up two draft laws to give legal form to the Labour Justice. The first was ready in late 1935 but it was held back for over a year by
Vargas before being sent to Congress in 1937. The second, which replaced the earlier one, was drawn up after the coup of November 1937 and formed the basis for the final decree.

Both projects had a number of features in common: they established a mechanism for settling both individual and collective disputes; they created a hierarchical structure with courts at the local, regional and national level; all the courts were to have a "paritarian" composition with an equal number of representatives of employers and employees and a government-appointed president; the mechanism was designed to obtain rapid decisions, with the same judge throughout, oral procedure, immediate proof and a restricted right of appeal; finally, the Labour Justice was to execute its own decisions.

The most "political" aspect of the projects was the question of collective disputes: governmental interference in collective bargaining was the price the workers had to pay for an efficient means of settling individual disputes. The Constitution of 1934 did not specifically permit or deny the right to strike but Oliveira Viana's first bill virtually outlawed strikes in a large section of the economy by providing for compulsory conciliation and compulsory arbitration for stoppages in public service industries and those of public utility. In all collective disputes, either side could request conciliation but in the case of stoppages in the public service industries, the Labour Justice was empowered to start conciliation on its own initiative; if conciliation failed, the case went to compulsory arbitration. The bill established penalties for both sides for suspending work without prior conciliation and for refusing to obey the decisions of the courts: these penalties were increased for ring-leaders and vocational associations, and doubled in cases concerning
public services.7

The Constitution of 1937 prohibited strikes and lock-outs, and so the Labour Justice became, in effect, the only means of resolving collective disputes.8 The second project allowed it to start conciliation in all cases of suspension of work and, again, established penalties for employers and workers who ignored the procedures for settling grievances.9

The main controversy, however, arose over the scope of the labour courts' functions. It seems, from some papers in the Oliveira Viana archive, that some sections of the M.T.I.C. wanted the Labour Justice to be empowered to draw up minimum wage scales for the various occupations. Oliveira Viana observed that this was beyond the scope of a court of justice, which could only decide in the case of disputes.10

In the end, the project presented to Congress gave the Labour Justice the job of resolving all questions between employers and employees and also of: a) establishing, when judging collective disputes, the wage scales and standards which were to regulate the conditions of work in particular occupations; b) supervising the execution of its decisions and sentences and imposing sanctions on those who infringed them; c) interpreting the laws for whose application it was responsible and d) collecting the fines imposed by it, or by the administrative authorities, for the infraction of the social laws. When the decision of a tribunal concerned the conditions of work, it was to have the force of a collective convention and could be extended by the supreme labour tribunal to other occupations in the same or in other regions concerned. The Labour Justice was also given power to dissolve vocational associations in certain cases.12

When the bill reached the Chamber of Deputies, it was the subject
of much discussion both inside and outside Congress, and over 100 amendments to it were submitted. The most important objections, however, were put forward by Waldemar Ferreira, a professor of Commercial Law from São Paulo, who, as president of the congressional Commission on the Constitution and Justice, wrote an opinion on the bill.\textsuperscript{13} Waldemar Ferreira thought that the Labour Justice was unconstitutional because of the normative powers conferred on the labour courts. He criticised their ability to settle collective disputes by issuing general norms or standards regulating the conditions of work, especially wage scales, as well as the power to execute their decisions and to extend them to third parties not involved in the original dispute. This, he contended, amounted to a delegation of the powers of Congress, which was forbidden by the Constitution, and did not obey the principle of the separation of powers which was inherent in the liberal republican regime. He also attacked the labour courts' ability to extend their decisions to third parties because, traditionally, the decisions of judicial bodies applied only to the litigants. He considered the project fascistic.

Oliveira Viana defended the bill, replying to these criticisms in a series of articles published in the 	extit{Jornal do Commercio} which were an intellectual tour de force.\textsuperscript{14} He accused Waldemar Ferreira of interpreting the Constitution in a narrow, old-fashioned, legalistic manner and urged a more "constructive" approach, using a series of arguments which consisted of a subtle mixture of references to foreign legal doctrine, actual examples of foreign and Brazilian practice, and appeals to a commonsense assessment of the purposes of the labour courts and the way in which they would have to work.

On the one hand, he produced many examples to show that institutions
with normative functions existed in other countries, including liberal ones like the United States. He argued that in modern States, functional or institutional decentralisation was replacing territorial decentralisation (federalism, etc.). The State had taken upon itself many new functions but the technical complexity and need for efficiency of these functions required that the institutions concerned should have administrative autonomy: they were a form of indirect administration by the State. Some were purely administrative in form, with members appointed by the government, while others had a corporative structure, composed of representatives of the interested parties. In either case, these modern administrative bodies had legislative, executive and jurisdictional powers, i.e. powers to issue norms and regulations binding within their general areas. Besides examples from the United States and other countries, Viana cited instances of delegated legislation in Brazil, such as the Departamento Nacional do Café, the Instituto de Açúcar and the Delegacias do Trabalho Marítimo.

On the other hand, Oliveira Viana showed how, in reality, the nature of the problems to be dealt with by the labour courts required them to have the power to extend their decisions to other employers and workers in a similar situation. Otherwise, instead of settling disputes, they would provoke new ones and Viana's objective was, above all, order. He wanted economic life to be regulated and disciplined, both in the relations of producers amongst themselves and in their relations with the working class.

"We consider this power [to extend their decisions], granted to the labour courts, as one of the finest and most efficient instruments of discipline in labour relations. On the one hand, the use of this power is going greatly to reduce the number of disputes and, on the other, it will eliminate unfair competition between companies in a single locality or region, which is one of the main objectives of corporative organisation."
Oliveira Viana won the debate but the point was taken and the second draft of the law was more circumspect in the powers it granted to the Labour Justice, despite the promulgation in the meantime of the authoritarian Constitution of 1937. The functions specifically attributed to it, besides settling disputes arising from the relations between employers and employees, were: a) to execute its decisions, supervise their fulfilment and impose sanctions on those who infringed them; b) to interpret the laws whose application was incumbent on it and c) to confirm agreements reached by private negotiation.16

However, in the case of collective disputes aiming to secure new conditions of work in which only a fraction of the employees of a company had participated, the tribunal which gave the decision was empowered to extend it to another fraction, or even all of the same occupation or category as the dissidents.17 The power to fix wage scales was not explicitly stated and the provisions allowing it to collect fines for infringements of the social laws and to dissolve associations were dropped on the grounds that they were unconstitutio nal. Even then, the project was completely rewritten before it was given the force of law in May 1939. A number of changes were made in matters of organisation and nomenclature but the basic structure and aims of the Labour Justice remained unchanged.

Oliveira Viana was well aware of the political implications of the Labour Justice. Back in 1933, he had applauded the power given to the Delegacias do Trabalho Marítimo to settle both individual and collective disputes and to fix the wages of dock workers, observing that:

"the stevedores' disputes, which have so pre-occupied the public authorities, will now be settled by a sort of judicial decision, endowed with executive force [...]."
This seems to me a great conquest, because we are going to leave behind the period of temporisations and cautious compromises in which we, the Ministry and the Police, have lived up till now, in the face of the formidable and arrogant power of the Resistências [militant dockers' unions], and move into a period of judicial settlements, sanctioned by the authority and the force of the State". 19

Referring to strikes and lock-outs in his exposition of motives for the second draft in 1938, Viana argued:

"Both these expedients of the class struggle were severely condemned by the new Constitution - and, in truth, one cannot understand the recognition of the right to strike or of lock-out when the Constitution itself provides for the solution of labour disputes by a special judicial system, which is easy, rapid, and cheap, placed at the disposal of the two groups concerned, the bosses and the employees". 20

The Labour Justice survived the fall of the Estado Novo and, largely because of its effectiveness in dealing with individual disputes, by 1946 it was being hailed as a working class conquest. However, it still retained its powers to intervene in collective disputes and in 1962, an American observer noted that "the labor courts system thus largely takes the place of both collective contract negotiation and grievance procedure as practised in the United States. [...] It effectively channels most of the complaints of the workers through the government rather than through independent working-class organisations". 21

Significantly, Oliveira Viana entitled his book on the Labour Justice Problemas de Direito Corporativo, and so it is worth considering the nature of his concept of corporativism. One of the main features of corporativism was the insistence on equal representation of employers and workers, or capital and labour. "Paritarian" representation was de rigueur in Brazil in the early 1930s. Yet, although both projects maintained this form of composition of the labour courts, Oliveira Viana would have preferred a specialised
magistracy of labour judges and had advocated this as early as 1932. However, in the case of the first bill, the Constitution of 1934 explicitly stipulated the "paritarian" structure, and it was retained in the second one because the Constitution of 1937 did not give guarantees of stability to the judges of the Labour Justice, because of the expense involved in a specialised magistracy and because of the Brazilian tradition of joint representation and the corporative regime instituted by the Constitution of 1937.

In fact, Oliveira Viana was less interested in the trappings of corporativism than in devising an effective instrument of State control and intervention. This control was to be achieved by indirect intervention through semi-autonomous bodies endowed with normative powers delegated by the State. The corporative or "paritarian" aspect was secondary. As a publicist, Oliveira Viana had stressed the importance of creating channels for economic and social interests to convey their demands to the government but, once a public functionary, he set out to achieve the opposite: orders were to be transmitted down from the government, not up from the people. This change in direction was to be seen even more clearly in the controversy which surrounded his Syndical Law and its implementation in 1939-40.

The Constitution of 1937 provided for a Council of the National Economy, composed of representatives of the various branches of national production, designated in equal numbers by the associations or sindicatos of employers and employees, and laid down that the economy was to be organised on corporative lines. The Constitution stipulated that the collective labour contracts concluded by the legally recognised associations of employers and workers were to be
applied to all the employers and workers which they represented (i.e. not just to their members). It also stated that occupational or syndical association was free but that only the sindicato duly recognised by the State had the right of legal representation of those who participated in the category of production for which it was constituted. Furthermore, only a recognised sindicato could defend their rights before the State or other occupational associations, stipulate collective labour contracts which were obligatory for all its members, impose contributions on them and exercise delegated functions of the public power in relation to them.

The new Minister of Labour, Waldemar Falcão, immediately appointed a commission of M.T.I.C. experts, headed by Oliveira Viana, to reform the existing legislation on sindicatos, in line with the corporative structure laid down by the Constitution. The result was Decree-Law 1402 of 5 July 1939. This retained the basic pattern established by the 1934 law, being modelled on the same fascist legislation, but it restored the sindicato único and re-established the provisions for governmental control in a more intensive form. These controls were exercised through requirements for the legal recognition of sindicatos, stipulations concerning their financial administration and expenditure, and intervention in their internal elections and administration; to facilitate the latter, various provisions required M.T.I.C. approval of elected leaders and permitted the M.T.I.C. to oust dissident leaders and to appoint delegates to preside over elections. The useful device of allowing aggrieved members to appeal to the M.T.I.C. against illegal acts of the leaderships or assemblies was also retained. Oliveira Viana justified these controls on the grounds that the sindicatos were the basic elements of the future
corporative organisation of the State; however, he rejected the suggestion made in the commission that the sindicatos should be administered directly by the government through appointed presidents and leaders. 27

An innovation was the distinction made between vocational associations (associacções profissionais) and sindicatos. The former, in order to acquire juridical personality, merely had to register with the M.T.I.C., presenting a copy of their statutes and a declaration of the number of their members, their assets and their organised social services, in return for which they could make representations to the administrative and judicial authorities on behalf of the individual interests of their members.

To obtain recognition as sindicatos, however, which gave them the prerogatives of representing the general interests of their category, signing collective labour contracts and receiving the proceeds from the syndical levy (imposto sindical - a compulsory levy equivalent to one day's pay per annum imposed on all employers and workers), they had to go through a more complex procedure and submit to a greater degree of control by the State. Oliveira Viana adopted this device to give the system greater flexibility and to comply with the constitutional precept that professional association was free. However, his real thinking is seen in this much-quoted passage from his exposition of motives:

"With the institution of this register, the whole life of the professional associations will then gravitate around the Ministry of Labour: they will be born in it; they will grow with it; they will develop alongside it and they will expire in it. It seemed to the Commission more reasonable, and also more convenient, that the professional associations should now be constituted in the Ministry which has as its supreme purpose the protection of all the labour activities of the country,
rather than outside of it, beyond the reach of its assistance and tutelage".29

Whatever they may have felt, the workers were in no position to express any opinion on these sentiments but the employers were somewhat uneasy. Nevertheless, in July 1939, Waldemar Falção appointed three commissions under the chairmanship of Luis Augusto de Rego Monteiro, the director of the National Department of Labour of the M.T.I.C., to draw up the complementary laws needed to implement Decree-Law 1402. Oliveira Viana was not involved in these commissions which worked quickly and produced their suggestions by November 1939.30 Euvaldo Lodi, the employers' representative, dissented from the final conclusions of the commissions, which were causing grave apprehension in São Paulo, not least to his friend Roberto Simonsen.

For, consciously or not, Oliveira Viana and Rego Monteiro had, between them, devised a scheme which demolished Simonsen's power-base in the Federação das Indústrias do Estado de São Paulo. F.I.E.S.P. was not a federation of sindicatos but a civil association to which individual employers and firms belonged directly; since 1937 it had also run a parallel Federação das Indústrias Paulistas composed of sindicatos from all branches of industry, which fitted into the M.T.I.C.'s syndical system.31 Simonsen managed with difficulty to have himself elected president of F.I.E.S.P. in February 1938 and he had no intention of relinquishing this hard-won position.32 Now, however, the M.T.I.C. was proposing to forbid the re-election of the leaders of employers' associations, to bring civil associations like F.I.E.S.P. under the wing of the Ministry and to break up the federations of employers' sindicatos into small groups representing different branches of industry and trade. There thus began a controversy in which personal motives - namely,
Simonsen’s survival - were originally uppermost but which ended by establishing important principles and precedents, defining the relations of the industrialists and employers to the State, the nature of State intervention and the limits of State control.

The paulistas, who had not been informed of the exact details of the M.T.I.C. proposals, expressed their fears to Waldemar Falcão when he visited São Paulo at the beginning of December 1939. They feared that the changes in relation to the federations would destroy their vitality and pointed out that the employers’ associations, unlike the workers’, were concerned with economic questions as well as purely occupational ones. The Minister asked them to send him their objections in writing and told them that he was getting Oliveira Viana to write an impartial opinion on the proposals of Rego Monteiro’s commissions.33 Thus, Oliveira Viana came to write opinions both on Rego Monteiro’s proposals and on the paulistas’ objections, which eventually drew him into a bitter dispute with both of them.

The paulistas’ memorandum was signed by Simonsen, as president of F.I.E.S.P. and the F.I.P., as well as by the presidents of the other main employers’ associations of São Paulo, and was delivered to the M.T.I.C. through Euvaldo Lodi, the president of the National Confederation of Industry.34 Some of the objections were directed against the main law, No. 1402, itself. For example, the paulistas wanted the minimum number of companies needed to form an employers’ sindicato in a given category reduced from one third to one tenth, alleging that the requirement of one third would make the formation of such sindicatos very difficult. Oliveira Viana replied that this would result in the formation of a series of insignificant little sindicatos (sindicatozinhos) and stressed the educational function of the requirement, which would
force the hitherto individualistic employers to acquire the habit of solidarity and team spirit.

The paulistas also requested a change in the article prohibiting the re-election of the leaders of associations, suggesting that, in the case of employers' (but not employees') associations, only one third of the leadership should be renewed each time. They contended that there were far fewer employers than employees and that few employers wanted to sacrifice their time and leisure to serve on associations. The requirement that the leadership be native-born or naturalised Brazilians also restricted the number of employers available, since so many of them were foreigners. Oliveira Viana again replied in an avuncular tone, viewing the administration of sindicatos as a practical school for the formation of leadership cadres for Brazil's economic groups: these cadres would be aware of the problems, needs and collective interests of their groups and would be accustomed to dealing with the State. Viana hoped to increase the number of leaders by prohibiting re-election and forcing them to rotate the positions.

Regarding civil associations like F.I.E.S.P. and the Commercial Associations, the paulistas cited the rights of representation and freedom of association assured by the Constitution and requested a change in the wording of Decree-Law 1402 to make it clear that such associations could continue to constitute and govern themselves according to the ordinary law (and not the syndical law). They also wanted an assurance that such associations could admit members from any occupation or category of production and could continue to make representations to the public authorities in their own name or that of the branch of production or class to which their members belonged.
Oliveira Viana, in an earlier opinion, had already accepted the distinction between representation, meaning the right of making representations, and legal representation, meaning a mandate exercised on behalf of someone, which was the prerogative of legally recognised sindicatos. Consequently, he reaffirmed the right of civil associations with a heterogeneous membership, like F.I.E.S.P. and the Commercial Associations, to continue to make representations but he feared that if this were applied to all professional associations, then in the end only those which wanted to become sindicatos would register with the M.T.I.C.

"In practice, what is going to happen if the amendment is accepted is that only the employees' associations will register with the Ministry; the employers' ones will continue in their old tendency to flee from the control of the Ministry or, what amounts to the same thing, from the control of the State, with the right to oppose it quietly, as they have always done. Basically, what they want is to free the employers' associations from the nuisance of the Ministry of Labour's control over the organisation of their statutes". 35

He went on to complain, rather naively, that:

"They know full well that their associations would remain as free if they enrolled on the register of the Ministry as on the civil register [...] but it pleases them to stay outside - as if the Ministry were an enemy force from which it is always convenient to keep oneself at a distance". 36

Oliveira Viana wondered if this was in keeping with the corporative organisation of the Constitution of 1937.

The fourth point was more complicated and led to a long polemic. Fundamentally, it turned on the question of whether the regional federations of sindicatos should be organised like the local sindicatos (on the basis of identical, similar or connected occupations and activities, e.g. food processing industries, clothing industries, construction industries, etc.) or like the national confederations at
the top of the structure (according to economic sectors, e.g., industry, commerce, transport, etc.). The distinction may appear academic but, in reality, it revealed a widely differing concept of the role of the whole syndical structure and its relations with the State. The question arose less from Decree-Law 1402 than from the interpretation placed on it by Rego Monteiro in his proposal known as the "Enquadramento Sindical Brasileiro", which classified Brazil's industries and commerce into groups and categories for the purposes of forming *sindicatos* and federations.

In his opinion on the "Enquadramento", Oliveira Viana had condemned this proposal as being both contrary to the law and out of touch with reality. He maintained that Decree-Law 1402 allowed people to form *sindicatos*, and *sindicatos* to form federations, on the basis of occupations or activities which were identical, connected or similar (e.g., wheat milling industries = identical; food processing industries = connected or similar). But the "Enquadramento" insisted that the activities be identical when forming *sindicatos* and connected when grouping *sindicatos* into federations. There was no justification in the law for this; it was the result of copying Italian corporative legislation and following purely technical criteria, without taking social facts or Brazilian reality into account. It was particularly reprehensible because it subdivided the employers' *sindicatos* while concentrating the workers', which would prevent the bosses organising to face the powerful workers' organisations. "On this point, the Commission went against the dominant principle of any corporative organisation in which companies are the centre of the syndical system - and not the mass of workers".

The paulistas condemned these aspects too and also criticised
the innovations introduced by Rego Monteiro's proposals, such as the requirement that, when adapting themselves to the new law, the existing federations of sindicatos should observe the groups of activities or occupations set out by the classification (i.e. limit themselves to connected activities, e.g. food processing industries). Another innovation was the conversion of an exceptional prerogative, granted to the President of the Republic in Decree-Law 1402, into a general rule, by giving the government the right to organise federations with particular occupations or groups of occupations, as well as to stipulate the conditions under which they should organise and administer themselves.

Basically, the paulistas wanted to retain the regional federations representing all branches of industry, arguing that Brazil was composed of a number of economic regions, roughly corresponding to the states, with their own problems and interests, which affected all categories of employers. For example, in each state there was a local administration and a federal tax collector with which they all had to deal. Consequently, they wanted a federation in each state which would correspond to each of the confederations in the Capital.

To this, Oliveira Viana retorted that a federation containing all industries was possible as an instrument of "class defence" under the former liberal regime, but that it was not possible under the corporative regime, which granted professional associations public functions, such as signing collective conventions which covered the whole category, and made them the basis of the corporative organisation of production. There had to be a positive bond of interests between their members (on the basis of identical, similar or connected occupations or activities). Thus associations of a heterogeneous type were impossible.
The paulistas also suggested some changes in the classification of various industries and on one thing they and Oliveira Viana were agreed: most of Rego Monteiro's proposals had been carelessly written and needed redrafting.

The argument continued in private between the M.T.I.C., on the one hand, and F.I.E.S.P. and the C.N.I., on the other, throughout the early part of 1940. Then, for some reason, Oliveira Viana chose to write an article in the *Jornal do Commercio* in May 1940, in which he outlined the paulistas' main objections to the proposed syndical system and repeated his arguments against them. In this article, he suggested that civil associations of the F.I.E.S.P. type could be incorporated into Brazil's corporative structure by recognising them as consultative organs; however, they could not be recognised as sindicatos as this would destroy the syndical structure.39

Angered at this breach of confidence, Euvaldo Lodi replied, accusing Oliveira Viana of being unrealistic and a proponent of State control. He said that under the M.T.I.C.'s proposals, which provided for 14 federations of industries in each state, the C.N.I. would be composed of 294 federations instead of the 5 existing at the moment and the present maximum possible of 21. The federations would not be able to deal with economic matters, which were the responsibility of the confederation, but only with occupational matters, so they would be pointless. He also noted that the sindicatos, and not the federations, were responsible for signing collective conventions.40

With this final point, Lodi had found Oliveira Viana's Achilles' heel, for in his legal opinion and his first article, he had used the terms sindicato and federation indiscriminately. He now replied, attacking Lodi personally and trying to prove that federations could
sign collective contracts, but his argument depended upon a strained interpretation of the Constitution.

Euvaldo Lodi then returned to the attack, claiming that no employers' federation had ever signed a collective contract, although they had been consulted by sindicatos on them, and showing, with various quotations, that Oliveira Viana's arguments had no basis in the Constitution. On a practical level, he observed that for the solution of their problems, there was a greater affinity between different activities within the same economic region than between identical activities in different economic regions. Regional federations were needed to deal with local economic problems, negotiate with the local governmental authorities and settle disputes between the sindicatos. Then, in the unkindest cut of all, he concluded:

"It is my turn to tell Sr. Oliveira Viana that, despite his claim to a deep knowledge of the populations of Brazil, the Brazilian people and its composition, in truth he only knows all this in theory, through books, but not from his own experience, through direct examination. Of commerce, industry, farming, transport, raw materials, he knows what he has read or written but he has never seen or felt the reality." 41

Oliveira Viana's discomfiture was complete. He replied with some comments on the role of the confederations but, in fact, he had lost the argument, both on juridical and pragmatic grounds. The irony of the situation lay in the fact that, as a publicist in the 1920s, he had condemned the supine attitude of Brazil's productive classes towards the government and had urged them to form strong, independent organisations to force their views on the public authorities. 42 Now the industrialists did just that and in the process they publicly and ostentatiously hoist Oliveira Viana with his own petard!
The paulistas gained all their main points. A series of decrees issued in June and July 1940 permitted the re-election of two thirds of the leaders of employers' associations and gave the President of the Republic the power both to recognise unregistered civil associations as technical and consultative bodies and to authorise the recognition of federations composed of various groups of sindicatos. Only in the case of the requirements for the foundation of sindicatos were their demands not satisfied: the minimum number of companies remained one third, not one tenth, as they had requested. A year later, in July 1941, F.I.E.S.P. was granted recognition as a technical and consultative body which would collaborate with the State.

Oliveira Viana's polemic with Rego Monteiro was of much lesser moment, though more acrimonious. In late 1940, he published an article in which he repeated the criticisms of Rego Monteiro's "Enquadramento Sindical" which he had made in his earlier opinion and claimed responsibility for the text of Decree-Law 2381, which laid down how the classification of activities was to be used in practice. The main point of this was that both sindicatos and federations could constitute themselves on the basis of either identical or similar and connected activities.

Rego Monteiro replied saying that he had not made such a clear-cut distinction between identical and similar or connected activities as Oliveira Viana made out, and claimed that the classification of activities had been mainly drawn up in response to the requests of the respective sindicatos themselves. The polemic dragged on through the early part of 1941, becoming increasingly esoteric and personal, as each claimed responsibility for Decree-Law 2381. By this time, Oliveira Viana had resigned from the M.T.I.C. Ill and increasingly disillusioned
with developments in the N.T.I.C., he had become autocratic and
cantankerous, as can be seen in this excerpt from the polemic:

"The statement that I was ordered to co-ordinate with
Sr. Rego Monteiro is also false, completely false. I
appeal to the judgment of reasonable and sensible men;
is it possible to admit that I, an old expert on the
social and juridical problems of my country, with a
tradition of specialised studies on the subject, set
out in works in circulation, with an intellectual
authority which went far beyond the scope of the Min-
istry, placed in the highest position in the hierarchy
of its jurists, since I was its general consultant
and treated the Minister himself with superiority,
[is it possible] that I could subject myself to
the guidance or admit the doctrinal ascendancy of a
rhetorical and pompous law graduate, such as Sr.
Rego Monteiro is, without qualifications or any noticeable
traditions of culture which could assure him any
shadow of intellectual authority over anyone at all,
and least of all over me?" 47

The prolonged debate over the syndical legislation mirrored the
situation in Mussolini's Italy. Not only was Oliveira Viana's law
inspired by fascist models but the response of the Brazilian indus-
trialists paralleled the resistance raised by their Italian counter-
parts to similar proposals there. In a recent detailed study of the
activities of Confindustria during the fascist regime, Roland Sarti
points out:

"The Italian industrialists pursued a clear and simple
goal with tenacity and determination. [...] They
concentrated on retaining maximum independence in the
management of their enterprises and trade associ-
ations. They held that these establishments were
the source of their economic power which no govern-
ment could ignore, and that managerial independence
and organisational autonomy were closely related." 48

Exactly the same struggle went on in Brazil on a smaller scale. However,
Vargas's authoritarian Estado Novo did not have the totalitarian aspir-
ations of fascism and once a satisfactory compromise had been reached,
it became increasingly amenable to the interests of the industrialists. 49
Two further examples will serve to show this process in action: the implementation of the minimum wage and the creation of the SENAI industrial training scheme.
Chapter 9. THE MINIMUM WAGE.

The idea of the government legally fixing the minimum level of wages had been aired as early as September 1931 when Lindolfo Collor sent a draft law to this effect to Getúlio Vargas; Collor saw the minimum wage as a measure of social justice, protecting the rights of the workers, as well as a means of eliminating the differences in the cost of production between the different regions. However, nothing came of this proposal and it was quietly shelved by Collor's successor, Salgado Filho, who concentrated instead on working conditions and pension funds.

The minimum wage re-emerged as a subject of debate in the Constituent Assembly of 1933-34 when the employers' representatives tried to replace the Itamarati project's provision for "a minimum wage capable of satisfying the normal necessities of life of a worker who is head of a family" by one for a wage which satisfied the minimum subsistence needs of an adult employee. The employees' representatives resisted this attack and the Constitution of July 1934 eventually guaranteed a "minimum wage, capable of satisfying the normal needs of a worker, according to the conditions of each region". The acrimonious debates showed that the workers' representatives viewed the minimum wage as a protection for the working class while the employers' representatives were concerned to keep production costs down. Nevertheless, there were already experts in the M.T.I.C. at this time who saw an adequate wages policy as a means of stimulating the wage-earner's capacity to work, increasing production and reducing costs.

Thanks largely to the efforts of the carioca deputy, Ruy Santiago,
Congress passed a law providing for the establishment of a minimum wage. Santiago's aims were primarily to help the workers, in part by preventing the abuses resulting from the implementation of the 8 hour day, which had provoked some employers into decreasing wages in proportion to the reduction in working hours. This law, No. 185 of 14 January 1936, was one of the few examples of social legislation passed by the Congress and though not implemented during the democratic interlude, it formed the basis for the establishment of the minimum wage under the Estado Novo.

Law 185 instituted the minimum wage, defining it as "the minimum remuneration due to an adult worker for a normal day's work" and establishing that it could be reduced to a half for apprentices and increased by the same proportion for workers occupied in unhealthy jobs. The minimum wage was to be fixed for each region of the country by permanent commissions formed of 5 to 11 members, with equal numbers of employers' and workers' representatives elected by their sindicatos and associations, and a chairman appointed by the President of the Republic. Twenty-two commissions were to be set up, one in each of the state capitals and in the Federal District, and the regions thus demarcated could be divided into zones, each with its own commission; sub-commissions could be created to cater for local variations in the economy.

The M.T.I.C. was to carry out a detailed investigation of local economic conditions, including the real level of wages, before each commission fixed the minimum wage for its region or zone; a period of grace was allowed for interested parties to make representations, after which the President of the Republic was to issue a decree laying down the minimum wage in each region or zone. This minimum wage would
then remain in effect for three years, although in exceptional circumstances it could be altered within that time by a vote of three-quarters of the commission. Any contract stipulating a remuneration below the minimum wage established was null and void and a worker could claim the difference from his employer.

Vargas did not hurry to implement the new law until after the installation of the Estado Novo when, in an attempt to curry favour for the new regime among the working class, he signed a decree-law setting up the apparatus of the minimum wage, just in time to be announced at the first of the Estado Novo's notorious May Day rallies in 1938. However, Getúlio was at pains to insist that his motives were not purely demagogic and he demonstrated the government's increasing awareness of the need to expand Brazil's home market when he spoke about the minimum wage in a press interview in April 1938:

"Besides bringing real benefits to the proletariat by raising their material and moral level of life, this initiative will produce advantageous effects for the general economy [which] will be invigorated with the increase in purchasing power of a substantial mass [...] of workers [...] in the great urban centres and in the nuclei of rural production".

The decree-law of April 1938 elaborated upon the law of January 1936 and set in motion the machinery necessary for its implementation. The minimum wage was defined as "the minimum remuneration due to every adult worker, without distinction of sex, for a normal day's work, and capable of satisfying, in a determinate period and region of the country, his normal needs for food, housing, clothing, hygiene and transport", and was to be calculated on the basis of his daily expenditure on these five items. The decree-law allowed part of the
minimum wage to be paid in kind but at least 30% had to be paid in cash. Special arrangements were made for piece workers and those who worked at home so that they could be covered by the law and the provisions of law 185 in relation to apprentices and workers in unhealthy occupations were maintained. The investigations leading up to the fixing of the minimum wage were to be carried out by the commissions in accordance with the technical instructions laid down by the Departamento de Estatística e Publicidade of the M.T.I.C., but the final decision was to be made by the commissions, with right of appeal to the Regional Labour Tribunal.

Various pioneer studies of working class living conditions had been carried out in the mid-1930s but, with the survey carried out for the minimum wage law, a clear picture emerged for the first time of the incomes and expenditure of the poorest classes in Brazil. The survey covered workers earning up to 400$000 per month and the result revealed that, in the Federal District, the average wage in this group was 202$500, the median wage was 150$000 and the modal wage was 150-200$000. In São Paulo, the average wage was 220$600 in the Capital and 170$100 in the Interior, the median wage was 201$200 and 151$700 respectively, and the modal wage 150-200$000 and 100-150$000. In a poor Northeastern state like Alagães, on the other hand, the figures for the average wage were 116$900 and 86$300, for the median wage 100$800 and 52$800, and for the modal wage 50-100$000 in both Maceió and the Interior.

Once the statistics on the lowest existing wages had been collected and analysed, the individual commissions began to formulate the legal minimum wage levels for their respective regions. Generally, this process began with proposals made by the employers' and workers'
representatives. In Pernambuco, both sides agreed at the outset on the figures of 150,000 per month for the state Capital and 100,000 for the Interior and these were maintained throughout, but in most cases, the levels proposed by the workers' representatives were substantially higher than those recommended by the employers' representatives. The extreme case was Para where the workers wanted 304,079 for the Capital and 200,000 for the Interior while the employers countered with 135,000 and 100,000 respectively, thus throwing the onus of decision on the government-appointed president of the commission, which ended by recommending 150,000 and 100,000 respectively.

In Sào Paulo, the figures proposed by the workers' representatives were 240,000 for the Capital and 200,000 for the Interior, to which the employers replied with 160,000 and 100,000; after a further round of proposals, the president of the commission finally decided on the figures of 220,000 for the Capital and 200,000, 180,000 and 160,000 for different areas in the Interior. The president of the commission in the urbanised Federal District, faced with counter proposals of 360,000 and 200,000 from the workers' and employers' representatives, came down on the side of the latter at 240,000.

The divergencies thus revealed demonstrated the bankruptcy of the "paritarian" principle in practice. Another problem which soon emerged was caused by the fact that the commissions were working in isolation and ended up by proposing widely diverging figures: the minimum wage proposed for Manaus, in Amazonas, 270,000, was higher than that in the Federal District. The Minister of Labour, Waldemar Falcão, therefore decided that the final decision must lie with the M.T.I.C. and so Costa Miranda, the head of the newly-renamed Serviço de Estatística da Previdência e Trabalho devised a formula, based on
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Key: MW = Minimum Wage; AWI = Additional Wage for Industry. For sources, see footnotes to the text. Note: figures represent milreis and cruzeiros.
the financial, economic and demographic statistics of each region and the wage levels ascertained in the initial investigation, which produced a more uniform result. Thus, in effect, it was the government which fixed the minimum wage levels, despite the "parititarian" trappings.

Nevertheless, the minimum wage law represented a marked technical advance on earlier social legislation because of the thorough statistical survey which preceded it and the relatively methodical way in which it was drawn up.

The law instituting the minimum wage was finally signed with a flourish at the May Day rally in 1940 and came into effect two months later. The monthly minimum wage was fixed at 240,000 for the Federal District, 220,000 for the Capital of São Paulo and 200,000, 170,000 and 150,000 for various localities in the Interior, 200,000 for Rio de Janeiro (Interior: 150,000 and 100,000), 200,000 for Rio Grande do Sul (Interior: 160,000) and 170,000 for the main cities in Minas Gerais (Interior: 120,000). The figures for the Northeast were lower, with Bahia at 150,000 (Interior: 120,000, 110,000 and 100,000), and Pernambuco at 150,000 (Interior: 100,000), and the lowest levels were in Mato Grosso and Piauí, with 120,000 for the Capital and 90,000 for the Interior.

The minimum wage law had been one of the main demands of the workers' representatives in the Constituent Assembly and Vargas presented it as a triumph of labour aspirations yet, paradoxically, the history of its development during the Estado Novo sheds more light on the role of the industrialists and their relationship with the government. Right from the beginning, the government emphasised the conservative nature of the new law, stressing the prudence of adopting the minimum, rather than the vocational or family wage, whilst Vargas,
Falcao and Costa Miranda all held out the inducement to the employers that such a measure would increase the purchasing power of the masses and so stimulate business. This line of reasoning appealed to the employers, particularly those in the textile industry, which was experiencing a crisis at the time the minimum wage was under discussion. In a memorandum which they sent through Simonsen to the state interventor in São Paulo, they pressed for measures to increase purchasing power as the best way of solving the crisis, although they were more concerned to raise the income of agricultural employers than the wages of their own workers. However, one of their number, O. Pupo Nogueira, who had served on the São Paulo minimum wage commission and had, in earlier years, been an outspoken critic of Vargas's social legislation, strongly endorsed the theory that the minimum wage would raise the purchasing power of the worker and pointed out that, paradoxically, "the first beneficiary of the law will be Capital, with Labour in second place".

Nevertheless, the employers were by no means unanimous or whole-hearted in their support for the law. At a meeting in the União dos Sindicatos Patronais, one asked that the project be put into suspense because of the situation created by the war in Europe, and in June 1940, literally days before the law was due to go into effect, the Confederação Nacional da Indústria, showing a considerable lack of political sensitivity, requested that the law be implemented gradually over the following six months. Falcao not unnaturally refused.

The real key to the industrialists' attitude towards the minimum wage lies, however, in the levels at which it was set, both absolutely and in relation to regional differences. Simonsen saw the real implications, as far as the paulista industrialists were concerned, in a
speech in September 1940 when he pointed out that most well-equipped industries were already paying wages above the recently-fixed minimum, whilst the really low wages were paid in the zones with abundant unskilled manpower and excessively low productivity; in these zones, the decreeing of the minimum wage would allow only those manufacturing activities which did not depend on the exploitation of human misery to survive. Thus, in effect, Simonsen was saying that the minimum wage would eliminate competition from industries in areas of Brazil with cheap labour, a reason which had also been put forward in the original project of 1931. This accounts for the importance which the industrialists attached to the relative level at which the various regional minimum wages were set. In this way, social welfare became a means of achieving the corporativist objective of eliminating "unfair" competition.

The subsequent history of the minimum wage and related social legislation shows the degree to which the Estado Novo was responsive to the interests of the industrialists. The government was the innovator and was clearly in charge: it brooked no opposition to the broad lines of its policy but, in matters of practical detail, it was more than ready to accommodate itself to sectional interests. Thus the industrialists, led by Simonsen, carved out for themselves a comfortable niche within the overall structure of the new State. In the course of this process, the interests of the workers were freely manipulated and they had to content themselves with increasingly empty trabalhista (labour) rhetoric.

The industrialists' manoeuvres began even before the new law was decreed. When Waldemar Falcão visited F.I.E.S.P. in December 1939, their spokesman, Norvan Dias de Figueiredo, accepted the minimum wage law
in principle, admitting that they were not harmed by it since wages in São Paulo were normally higher than those fixed by the law. However, he objected to the provision of equal pay for men and women, suggested that minors should be paid a proportion of the minimum wage rising progressively from 40% at age 14 to 80% by the age of 20 and worried that handicapped workers would be dismissed if they had to be paid the full minimum wage. In reply, Waldemar Falcao confirmed that "the minimum wages established were always lower than those commonly paid" but he declined to commit himself on the other points.

However, during the next six months, Simonsen and F.I.E.S.P. were engaged in protracted negotiations with the M.T.I.C. over the implementation of Oliveira Viana's syndical law and, shortly after Simonsen had obtained satisfaction on that account, Falcao showed that he had also changed his mind on the question of the minimum wage law. A decree-law issued at the end of August 1940 allowed employers to reduce the wages of workers aged 18 to 21 by 15% provided that they were given vocational training in exchange; employers were also permitted to reduce the wages of their women workers by 10% if their establishments observed the hygienic conditions stipulated by the law on female labour.

This change was too much for Oliveira Viana, already smarting from his defeat over the syndical law. In his archive, there is a fragmentary and badly typed memorandum in which he rails against the new decree, calling it "the most authentic piece of juridical roguery which this Ministry has given birth to in its 10 years of existence". He went on:

"This is taking up a position contrary to the whole spirit which presided over and inspires social legislation. The latter created for the bosses certain fundamental duties, which are rooted in the human
conscience and, mainly, in Christian civilisation — and one of these duties is precisely this: to ensure hygienic and healthy working conditions for their workers. This is one of the ways in which he respects the innate rights of the workman as a human being. It would not be [gap] for him to charge for fulfilling these duties: if he were to do this, it would not truly be even an act of generosity, that is, an act of charity, but a pure deal, carried out with a merely business spirit, under the strict principle of do ut des. Decree 2538 [i.e., 2548] [gap] this new orientation of the Ministry, in which the boss's duties are transformed into simple deals, in which the workers buy the most elementary guarantees for their persons and their labour: hygiene and technical training.24

However, the "new orientation" did not change and Oliveira Viana left the Ministry at the end of the year.

Another change proposed by the industrialists concerned the minimum wage in Sorocaba, in the State of São Paulo. The employers there wanted the town moved from the second to the third group and after a visit by Costa Miranda, the M.T.I.C. complied, thus lowering the minimum wage from 200₧000 to 170₧000.25

Whether the minimum wage fulfilled the hopes placed in it is difficult to say because its implementation coincided with the beginning of the disturbed conditions created by the war. One industrialist and government supporter thought that the sudden rise in textile sales in 1941 was caused by the minimum wage but any noticeable effects were soon overwhelmed by the wave of wartime inflation. By the beginning of 1943, the levels fixed in 1940 were hopelessly inadequate and in January 1943 the Co-ordinator of Economic Mobilisation ordered the minimum wage to be increased by 25% in the state capitals and the Federal District, and by 30% in other places, at the same time decreeing a price freeze.27
Increasing the minimum wage by percentages created greater differences between the various regional levels in absolute terms and gave the areas with a low minimum wage, mainly in the interior of São Paulo and the Northeast, a competitive advantage in relation to the more advanced areas. F.I.E.S.P. therefore started a campaign to have the minimum wage levels readjusted but this solution was opposed by Costa Miranda on the grounds that the minimum wage was to satisfy the needs of the worker and had nothing to do with the law of supply and demand. By now, Waldemar Falcão had been replaced as Minister of Labour by Alexandre Marcondes Filho, who was a paulista and a personal friend of Simonsen. Marcondes Filho and F.I.E.S.P. got their heads together and finally "reached a complete agreement". The result was a decree-law in May 1943 instituting the Additional Wage for Industry, a compulsory bonus to be paid by all industrial employers (and later by transport and communications companies). In the South the figures were relatively low: Cr$10 in the Federal District and the Capitals of São Paulo, Rio de Janeiro and Rio Grande do Sul and with figures of Cr$5, 9 and 15 in the Interior of São Paulo. The increases in the Northeast however, were much larger: Cr$22.5 in Recife and 30 in the Interior of Pernambuco, Cr$22.5, 24, 27 and 33 in Bahia and Cr$33.75 and 33 in Alagoas and Sergipe. The additional wage, taken together with the new minimum wage levels, restored the differentials in absolute money terms existing in 1940.

The minimum wage levels were increased again in November 1943. The Confederação Nacional da Indústria thought that the rise should not exceed Cr$50 and requested that direct responsibility for the revision of wages should be given to the employers' sindicatos. The M.T.I.C. decided, however, on an average increase of 60% over the 1940
figures which, deducting the increases given in January 1943, gave actual rises of between Cr$50 and 85. According to a later estimate, the new minimum wage was worth only 81% of that of 1940, because of inflation. The additional wage for industry was also increased at the same time and here there was some blatant regional politicking. For whilst the additional wage was increased from Cr$10 to Cr$30 in the Capital of São Paulo and from Cr$9 to Cr$35 in the third group of towns in the Interior, in Campinas, S.P. it was increased from Cr$5 to Cr$50. In the industrial towns of Minas Gerais it went up from Cr$17.5 to Cr$50 whilst in the Northeast it reached Cr$90 in Recife and Cr$70 in the Interior and Cr$90, 50, 55 and 40 in the various localities of Bahia.

At the same time a "compensation wage" was created. This raised the level of wages between the minimum wage and double its value, thus aiming to prevent a concentration of wages around the minimum wage level, which would then have become the norm.

The British Ambassador reported that "it is claimed with some bitterness that the Federation of Industries in São Paulo were given a hand in the fixing of the new scales, and the Government of Pernambuco has submitted a strong protest". The complaints of the areas most severely hit had some effect and in February 1944, the additional wage level in Campinas was reduced from Cr$50 to 30 and in Bahia from Cr$90 to 60, Cr$50 to 30 and Cr$55 to 35 with the Cr$40 area remaining at that figure. In Pernambuco, a more complicated solution was adopted: the additional wage in Recife was reduced from Cr$90 to 60 whilst the Interior was now divided into three groups: in one, the additional wage was actually increased from Cr$70 to 90 while in the other two, it was reduced to Cr$40 and 20. This suggests that manoeuvres of a
nature similar to those described above were going on at a local level. It also shows the limits of Simonsen's influence in the Estado Novo.

The detailed history of the minimum wage thus illustrates the nature of social legislation under the Estado Novo. Vargas took over an old working-class aspiration and incorporated it into his trabalhista policy to show that he had the best interests of the workers at heart: almost all the major announcements concerning it were made at the rallies on May Day or on the 10th November, the anniversary of the installation of the Estado Novo. Yet, in practice, the minimum wage levels were fixed so low that they did not adversely affect the interests of the employers and the M.T.I.C. acquiesced in the industrialists' manipulation of the detailed application of the law.

This attitude was indicative of the "new orientation" of the Ministry denounced by Oliveira Viana, which became noticeable after the appointment of Waldemar Falcão as Minister. Forgetting his initial interest in the corporative aspects of the Constitution of 1937, Falcão was explaining by March 1940 that: "The Ministry of Labour, Industry and Commerce is not just an organisation to attend to the needs of labour's aspirations. [... ] It is, rather, an organisation which aims at the development and economic progress of the country in a climate of social harmony and balance. It encourages industry, giving it all necessary co-operation and support, and aims to develop internal trade and its expansion abroad". One of Falcão's objectives was to improve the feeding of the workers, thus increasing their productivity. The law of May 1939 which provided for vocational training in factories with over 500 workers also required them to instal canteens for their employees. Modifications to the law on the minimum wage
allowed up to 65% of it to be discounted in return for the provision of meals and in August 1940, the Serviço de Alimentação da Previdência Social was created; this set up a number of workers' restaurants at which Vargas took well-publicised meals. Such measures, though intended indirectly to aid the industrialists, were also, of course, of benefit to the workers.

A new chapter opened when Marcondes Filho was made Minister of Labour at the end of 1941, an appointment which the British Ambassador interpreted as "probably intended as conciliatory measure towards 'paulistas'. [...] his present selection may in part be due to President's need to soft-pedal his advanced labour policy with a view to increasing Brazilian productive capacity". Marcondes Filho immediately pointed out in his inaugural speech that:

"to benefit capital, it is necessary to make labour efficient and this efficiency can only be obtained by improving all the conditions of the workman. Raising the level of the employee is, therefore, a thought for capital. But to benefit the workman, it is essential that industry and commerce should prosper and this depends largely on capital. Therefore, avoiding useless sacrifices of the latter is a thought for the workman".

Under Marcondes Filho, the plethora of social laws was gathered together and given a more permanent form in the Consolidação das Leis do Trabalho, which signalled to the employers that there were unlikely to be any more major innovations in that field.

Brazil's participation in the war also provided a pretext for a further tightening of control over the working class. A decree-law of May 1943 required all organisations intending to assist or guide the proletariat during the state of war to obtain prior authorisation from the M.T.I.C. and in September 1943, further restrictions were placed on collective disputes: they could now only be started by
workers' or employers' sindicatos after they had informed and obtained the approval of the Minister of Labour; in order to be able to do even this, the sindicatos had to count amongst their membership at least half of the workers or employers concerned. 46

The most blatant example of this process, however, was the Law of Industrial Mobilisation, decreed in July 1944, which concerned the textile industry, the country's major manufacturing activity. 47 Brazil was making uniforms for its armed forces and also hoped to provide clothing for European refugees, but a considerable proportion of its production was being exported to other South American countries, giving the textile manufacturers notoriously high profits. The Law of Industrial Mobilisation declared that the textile industry was of national interest and mobilised its installations. No worker in these activities could change his job without prior authorisation from the M.T.I.C., while a specially-created Textile Executive Commission could order the transference of workers from one textile factory to another within the same city. With the prior authorisation of the M.T.I.C., the normal working day could be fixed at 10 hours, with the last two hours being paid at a higher rate of at least 20%, and continuous shift-work and night-work for women and minors aged over 16 was permitted; the right to holidays could also be converted into an indemnity, paid in double, except in unhealthy activities and for workers under 18. The mobilisation was supervised by the Executive Commission, which was composed of 6 government representatives and 8 employers' representatives. Later a single workers' representative was added. The British Ambassador commented that "for a belligerent as little affected by the war as Brazil the regimentation of textile operatives introduced by this decree-law is fairly severe". 50
Such, then were the realities of the Estado Novo's social legislation: small wonder that the authorities had to lay on special football matches to get the workers to attend the rallies and that Vargas's triumphal drive round the stadium was considered "an act of personal courage and intrepidity" by his entourage. 51

As for the industrialists, they had the last word on Getúlio's "progressive" labour legislation. As is well-known, the Dutra government did not raise the minimum wage, despite the continuing rise in prices after the war. Less well-known is the fact that the decision to maintain the minimum wage at its existing, and by then derisory, level was made in 1947 by Morvan Dias de Figueiredo, Simonsen's protege in F.I.E.S.P., who was Minister of Labour at the time. 52
The reorganisation of Brazil's industrial training system and the creation of the SENAI apprenticeship scheme in 1942 reveal another aspect of the relations between the government and the private industrialists during the Estado Novo. SENAI represents Simonsen's greatest practical contribution to the process of industrialisation and the discussions surrounding its creation show both his virtues and his shortcomings in this area. For it is clear that although Simonsen thought that vocational education was a good thing, in practice he failed to press actively for the training of Brazilian workers, preferring, like other industrialists, to encourage the immigration of skilled foreign labour. Only when events showed that Vargas and the experts of the Ministry of Education (M.E.S.) determined to force the industrialists to contribute to the training of native-born workers, and war-time conditions made such training an urgent necessity, did he come round to actively supporting it. However, once the decision had been taken, he set out with great energy to create the most efficient organisation possible and to ensure that it was controlled by the industrialists themselves. The result, SENAI, was an anomaly within the Estado Novo which has stood the test of time and become a model for the rest of Latin America.

The colonial economy set a pattern of supplying Brazil's labour requirements by immigration from abroad which was followed for the next four centuries. Though some rudimentary training was given to slaves on the fazendas and to free workers in the shipyards and mints, skilled labour was generally provided by workers who immigrated from Portugal. During the nineteenth century, a few vocational schools
were set up by governmental and philanthropic bodies but these were intended primarily to help poor orphans and the economy continued to rely on foreign immigrants.\textsuperscript{3}

Interest in vocational training began to grow at the beginning of the twentieth century, when the Central do Brasil railway established an apprenticeship school at Engenho de Dentro in 1906, and President Nilo Peçanha signed a decree in 1909 instituting a school for apprentice artisans (Escola de Aprendizes Artesãos) in each state capital.\textsuperscript{4} This marked the beginning of federal government activity in the field of industrial training. Nineteen schools were established in nineteen cities in 1910, but the installations and the staff were often very inadequate, and so attendance was only half of the matriculation (although this was quite good for the period).\textsuperscript{5} In the following years, some efforts were made to improve this situation and these were supplemented by other initiatives at local level.

By the early 1920s, Brazil had a network of vocational schools which, besides the Schools for Apprentice Artisans, included a school in Rio for training vocational teachers (the Escola Normal de Artes e Ofícios Venceslau Bras, later the Escola Técnica Nacional) and a number of municipally and privately run schools in Rio, São Paulo and elsewhere, amongst which the Instituto Profissional Masculino in São Paulo and the Instituto Farabé in Porto Alegre were the most important.\textsuperscript{6} Many of the schools, however, catered mainly for female domestic workers and most of them were installed in unsuitable buildings, with poorly-trained staff, a shortage of materials and widely-differing and over-complicated courses. Moreover, they faced what was to be a permanent headache for Brazilian educators: the general disdain for manual labour, and the poverty and low level of education of their
pupils, which led to high drop-out rates. 7

The Ministry of Agriculture, which was in charge of the federal apprenticeship schools, was aware of these shortcomings and in 1920 contracted João Luderitz, the Director of the renowned Instituto Parobé, to suggest ways of improving the efficiency of the schools. Luderitz set up a Serviço de Remodelação do Ensino Profissional Técnico and, fighting an uphill battle against inertia, incompetence and political intrigue, managed to make some improvements in the buildings and teaching staff. Reforms put into effect during the 1920s established a uniform curriculum for all the schools, allowed them to accept outside orders to help cover their expenses, instituted midday meals to encourage attendance and set up a Serviço de Inspeção do Ensino Técnico Profissional to supervise vocational education. The federal government’s budgetary allowances for industrial training more than doubled and matriculations increased steadily, rising from 2904 in 1921 to twice that figure at 5947 in 1932. The level of attendance also improved. 8

Meanwhile, the heated debates surrounding a bill presented to Congress by the mineiro deputy, Fidelis Reis, illustrated another aspect of vocational education in Brazil. The bill made such education a compulsory part of the courses of all primary and secondary schools maintained by the federal government, including the Colégio Dom Pedro II, and was intended to strike a blow against bacharelismo. After 5 years of controversy, it was finally passed by Congress and sanctioned by President Washington Luís, but it was never, in fact, put into effect. 9

The attitude underlying this bill was shared by Getúlio Vargas. Vargas was a “fan” of vocational education and frequently mentioned it in his speeches. The Platform of the Liberal Alliance, read out in January 1930, specifically referred to the need for technical-vocational courses; in 1933 Vargas said that “the education which we need to develop to the extreme limits of our possibilities is the vocational and technical kind. Without it, organized labour is impossible,”
especially in the age characterised by the predominance of the machine", and Article 129 of the Constitution of 1937 contained a provision to this effect, inserted by Francisco Campos at Vargas's express instigation. Vocational education was linked to the concept of "trabalho" which, with Getúlio, carried a vigorous technocratic connotation of ignoring the wordy lawyers and politicians, rolling up one's sleeves and getting down to the job.

Vargas had little interest in the details of the subject but he facilitated the improvement of the existing system of schools. In 1931, the newly-created Ministry of Education took over responsibility for vocational training from the Ministry of Agriculture, and the Inspection Service underwent successive administrative reforms and changes in name in the years following. Continuity was provided, however, by Francisco Montojos, an engineer who headed the industrial training department from around 1929 to 1949 and again from 1955 to 1961. Throughout the 1930s and early 1940s, slow but steady progress was made in refurbishing the existing schools for apprentices, and the ones at Recife, Manaus, São Luís, Vitória, Pelotas and Goiânia were completely rebuilt. Following the reorganisation of the Ministry of Education in 1937, the Schools for Apprentice Artisans were renamed Liceus and the Escola Normal de Artes e Ofícios Venceslau Bras was closed and demolished, reopening in 1942 in new buildings as the Liceu Nacional (later Escola Técnica Nacional).

Apart from the efforts of the federal government, the other main contribution to vocational education was being made in the State of São Paulo, already Brazil's most industrialised region. Particularly important were the apprenticeship courses organised for the Sorocabana and other São Paulo railways in 1930 by the Swiss-born engineer,
Roberto Mange, whose system of aptitude tests and methodical training were later to have a profound influence on the SENAI scheme, Mange and others also founded the Instituto de Organização Racional do Trabalho (IDORT) in 1931, with the purpose of spreading the principles of scientific management and the rational organisation of labour. A co-founder of IDORT was Armando de Sálias Oliveira who, on becoming governor of São Paulo in 1934, passed a number of decrees aimed at encouraging the development of vocational schools in the state. By 1936, there were 28 vocational schools in São Paulo, 13 of them run by the state government, with a matriculation of 10,365 students, of which just over half were boys.

In Rio, there were a dozen vocational schools of various descriptions. The score of federal schools for apprentices spread across the country had a total matriculation in 1938 of 7004, of which half were studying woodwork and metalwork. Altogether, there were about 500 vocational schools in Brazil at this time, but the majority of them were small private ones training girls for domestic work. They had a total matriculation of 55,000, of which 22,000 were male.

Meanwhile, a new attitude towards the role of industrial education was developing among the government's experts. The preamble to a decree of 1934, which reorganised the section of the Ministry of Education responsible for vocational training, no longer spoke of teaching a trade to poor waifs but instead emphasised Brazilian industry's need for skilled workers. From 1936 onwards, the experts of the M.E.S. began to consider seriously a complete restructuring of industrial training. The problem was two-fold: on the one hand, there was the purely technical question of devising the most suitable system for Brazil's economic and social conditions; on the other, the political question of
deciding who was to pay for the service and how it was to be administered. Already, industrial education experts from both governmental and private bodies had called for closer co-operation between the government and industry, and eventually a system was adopted whereby industry contributed towards the cost of training its workers and administered the organisation which carried it out. But all the running was made by the government experts. The industrialists, many of whom were themselves foreign, preferred to rely on foreign immigrants to provide skilled labour and were not interested in training Brazilians for such jobs. Only the difficulties created by the Second World War and continued pressure from the government eventually forced the more enlightened of them to volunteer their co-operation.

As for the technical problems, the experts of the M.E.S. were particularly anxious to raise industrial education from the primary to the secondary level. They were greatly helped by a circular sent round by the International Labour Office in 1939 and by the discussions at its 1939 Conference, which gave them the idea of differentiating between technical education (to produce high and medium grade experts and technicians) and apprenticeship (to produce skilled workers). Brazil had a number of colleges producing well-trained engineers (Simonsen himself was one such graduate) but it lacked adequate technical schools and, with its still rudimentary level of industrialisation, had no tradition of apprenticeship. Montojos attended the conference and visited some industrial schools in France and Switzerland.

Further stimulus to the debate going on within the government was provided by a hastily-written and ill-considered decree issued by the Ministry of Labour, requiring establishments with more than 500
employees to maintain vocational courses for their workers. This decree was drawn up by the M.T.I.C. without consultation with the Ministry of Education or with the industrialists, and may well have been inspired by a desire on the part of the Minister of Labour, Waldemar Falcao, to have some legislation on industrial education to his name before the I.L.O. conference in Geneva in June 1939, which was to discuss the subject under his chairmanship.

At all events, an interministerial commission, composed of 3 experts each from the M.T.I.C. and the M.E.S., was set up to discuss implementation of the law. Although a decree to this effect was issued in July 1940, the law was never put into practice. Indeed, during its discussions, the Interministerial Commission had been made aware of the shortcomings of the M.T.I.C. law and itself proposed an entirely new law on the subject. This proposal was not put into effect either, but some parts of it were later incorporated into the SENAI system.

Meanwhile, discussions continued between the Ministries and with the industrialists and finally in January 1942 the Minister of Education, Gustavo Capanema, sent two decrees to Vargas which were signed on 22 and 30 January respectively. The former created SENAI (Serviço Nacional de Aprendizagem dos Industriários, changed to Serviço Nacional de Aprendizagem Industrial in November 1942) whilst the latter approved the Organic Law on Industrial Education. The two decrees were complementary and yet, in some respects, contradictory: they represented the results of a long period of negotiations between the government and the industrialists, led by Roberto Simonsen and Euvaldo Lodi.

The Organic Law was a blueprint which provided a uniform, rational structure for vocational education throughout Brazil, and applied not
only to the federal system but also to state, municipal and private schools, which it attempted to subordinate to the centralised control of the M.E.S. It raised industrial education to the secondary level and divided it into two cycles. The first or lower cycle was divided into four orders: 1) basic industrial education; 2) training of craftsmen; 3) training of artisans; 4) apprenticeship. The second or upper order consisted of 1) technical education and 2) pedagogical education. Each order was divided into sections and each section into courses.

Besides the regular courses, there were also to be extra ones to train unskilled workers and to upgrade or specialise the graduates of vocational courses, technical teachers and administrators.

To provide this education, there were to be four types of schools (technical, industrial, artisan and apprenticeship), each with a prescribed range of courses. Pupils were to enter the basic industrial courses from primary education and the technical courses from secondary education; the courses were to be linked so that pupils could progress from one level to another, according to their vocation and ability. Industrial courses were to last 4 years, craftsmen's courses 2 years, technical courses 3 or 4 years and pedagogical courses 1 year. Finally, the Organic Law provided for the official recognition of industrial and technical schools maintained by the states and by municipal and private bodies, and laid down detailed instructions for the admission of pupils, the functioning of the courses and schools, teaching staff, examinations, etc. The M.E.S. was charged with drawing up an overall national programme for the development of industrial education.

Subsequent decrees issued on 3, 21 and 25 February 1942 laid down precise instructions for the organisation of courses, provided for the adaptation of existing industrial training establishments to the
terms of the new law and set out the bases for the organisation of the federal network of industrial schools. In practice, however, the changes were relatively modest. With a few exceptions, the federal schools continued to function in their existing buildings, with merely a change of name. The government's budgetary allocations and the number of matriculations continued to grow but the increase was not spectacular. Even so, Capanema's project was criticised as being too ambitious; the ebullient American adviser, Morris Cooke, noted sadly that many of the pupils of the newly-opened Escola Técnica Nacional were under age and that some of the machines were going rusty through lack of use, although he thought that the provisions for industrial education would bear fruit in the future. After the fall of the Estado Novo, complaints were made against the excessive centralisation and the bureaucracy of the system.

If the Organic Law was a conservative measure of reform, the SENAI system was nothing short of revolutionary, both in technical and political terms. For the first time, a systematic attempt was made to deal with the problem of training skilled workers. Yet, although apprenticeship courses formed an integral part of the Organic Law, the decentralised system adopted to administer them ran completely counter to the centralisation inherent in the Organic Law. For, whereas the rest of the industrial education system was clearly subordinated to the control of the M.E.S., with SENAI effective power lay with the federations and confederation of industrialists, with only nominal authority exercised by the M.E.S. The main person responsible for this minor coup against the spirit and practice of the Estado Novo was Roberto Simonsen.
The detailed negotiations leading up to the creation of SENAI began in May 1939. However, long before then, Simonsen had taken an interest in vocational education. On his trip to England in 1919, he arranged for some young Brazilians to be sent for training in British commercial firms and, when asked in the Constituent Assembly in 1934 how Brazilian industry was to be developed, he stressed the importance of training skilled workmen. Yet, despite these early signs of interest, when he was in a position to make positive suggestions to the government Simonsen preferred to echo the complaints of his fellow-industrialists, petitioning for an easing of restrictions on the immigration of foreign skilled workers and technicians.

This was in the late 1930s, at the very time that the government experts were beginning to urge the need to train Brazilian workers; it was these experts who were the prime movers behind the subsequent developments in industrial education. At first, they were unsure how the training of skilled workers was to be organised. Francisco Montojo, the head of the federal Divisão do Ensino Industrial, suggested a plan whereby the employers’ and workers’ sindicatos should use the revenue from the syndical levy to run vocational and pre-vocational courses for their workers and their relatives, while Horácio Silveira, in charge of São Paulo’s industrial schools, proposed that the main responsibility be given to the states; neither plan evoked any response. Decree-Law 1238 of May 1939 placed the burden squarely on the industrialists and there, despite their wriggling, it remained.

This law required industrial establishments with more than 500 employees to provide vocational training courses for their workers. Simonsen was furious. In a strongly-worded memorandum to the Inter-ministerial Commission, he complained bitterly at the lack of prior
consultation and railed against laws which were drawn up by theoreticians in the civil service and issued without warning to be put into effect immediately; he even looked back wistfully to the days when such laws were given a good airing in the debates of Congress. He thought that the decree-law would have to be revoked because it was unconstitutional, unjust and impracticable. He particularly objected to the distinction made between firms with over 500 workers and those employing less, which he considered unfair both to the industrialists and the workers, and to the fact that the government was transferring to the industrialists, without any corresponding recompense, the onus of providing vocational education, which, according to the Constitution, was the first duty of the government.

On a more conciliatory note, Simonsen did not reject the idea of vocational education altogether but thought that the only solution was for the government of the Union (or the states, through a subsidy from the Union) to found vocational schools situated in industrial areas, which would accept suitable workers from different trades and industries of all sizes. This would make a great saving in staff and material, permitting better installations of machinery and laboratories. Industry would be prepared to contribute its fair share towards the maintenance of these schools through a system of proportional contributions which should not, in any case, exceed 5% of the contribution of each worker to the pensions institute, I.A.P.I.; the worker should contribute his fair share too. But Simonsen also laid down certain conditions: the funds must be applied in the area in which they were collected and should not be squandered on costly bureaucratic structures and palatial buildings; the schools could function in cheap, hygienic sheds. He also hoped that there would be regional committees on vocational education, on which the industrialists would be represented.
The Interministerial Commission took these points into consideration when they drew up their proposals for a law to replace Decree-Law 1238. These proposals, which mark the real starting-point of the SENAI project, suggested that employers be obliged to hire and train a number of apprentices equivalent to 6 to 10% of their skilled workers; the apprentices must be given both theoretical classes and practical workshop activities; groups of companies or individual companies would be able to establish Centros de Formação Profissional to carry out the training of the apprentices, and practical work would be conducted at the workplace or in special workshops. The centres would be maintained by an additional levy on the contributions paid by the employee, employer and government to the pensions institutes and funds, and the whole scheme would be managed by a national council and local commissions on apprenticeship, which, while subordinated to the M.E.S. and the M.T.I.C., were to include representatives of the employers and employees.

Simonsen, in the meantime, went on public record in favour of industrial education at the Second National Convention of Engineers in August 1940. The recommendations of the commission which he headed stressed the need to train skilled workers, technicians and managers, increase the supply of vocational teachers and expand the institutes of technological research; they also urged the government to upgrade the existing Schools of Engineering into Technical Universities. However, the means of organising and paying for these improvements were not specified.

Up to this point, the discussions on industrial training had gone on at a leisurely pace but a new urgency was forced on them by the
effects of the Second World War. The war in Europe had already cut off many of Brazil's sources of immigration and disrupted its trading relations; the growing involvement of the United States meant that the country would soon have to rely on its own resources for its industrial needs too. The government was increasingly determined that something should be done about vocational education and in 1941 Vargas asked a commission of three industrialists, Roberto Simonsen, Euvaldo Lodi and Valentim Bouças, to suggest ways in which Brazilian industry could contribute to the training of skilled workers. The report which they presented in September 1941, as a result of this request, was largely the work of Simonsen, with the technical advice of Roberto Mange of IDORT, and its proposals formed the basis for the subsequent SENAI system.

Simonsen began by discussing industry's requirements for skilled workers and calculated that Brazil needed to train annually 15% of the total existing number of specialised workers, which worked out at 13,500 technicians and craftsmen, 30,000 skilled workers and 105,000 semi-skilled workers; it also needed to upgrade the existing workforce. He reckoned that industry would be able to train a third of the technicians, craftsmen and skilled workers needed and to upgrade a considerable number of semi-skilled workers.

While continuing to insist that the main responsibility for training Brazilian manpower lay with the government, Simonsen believed that industry could co-operate with it through the employers' syndical organisations, provided that the government gave it the necessary autonomy, a convenient means of co-ordination and a series of complementary measures. To this end, he suggested the creation of the Serviço Nacional de Seleção, Aperfeiçoamento e Formação dos Industriários (SENAFI),
an autonomous organisation to be managed by the secondary syndical organs of industry (i.e., the employers' federations) under the general control of the Confederação Nacional da Indústria.

To pay for the new service, Simonsen recommended the creation of a monthly levy to be paid by the employer on each worker employed in his factories, which was to be collected by the pensions institute, I.A.P.I., and placed at the disposal of the industrialists' federations. In areas where there were no federations, the C.N.I. was to co-operate directly with the regional sindicatos in order to set up the system. The government would have an inspector in each regional council of SENAFI; compulsory apprenticeship was to be decreed but the courses would be organised with the maximum flexibility. Indeed, efficiency, flexibility, economy and speed were to be the essential rules of these courses.

Simonsen estimated the cost of training each technician and skilled worker at 600 milrea per individual and calculated that SENAFI would have the financial ability to train a minimum of 14,500 technicians and skilled workers and 40,000 semi-skilled workers per annum; this number would increase gradually with the development of industry and the improvement of its services. As an example of what could be achieved, he cited the good results obtained by Mange's courses for railway apprentices (CFESP) and the Technical School attached to the Mackenzie Institute in São Paulo. As for the factories with over 500 workers, he suggested that those which contributed to SENAFI be relieved of the obligation to maintain training courses but, in recompense for this saving, they should be compelled to create laboratories or contribute to the institutes of technological research. Finally, once SENAFI was functioning, other sectors of the economy could
organise similar services, whilst the workers' sindicatos should concentrate on developing post-primary education, courses for semi-skilled workers, drawing and physical education, etc.

To the report was attached a draft decree embodying these principles. Among its provisions was one by which the regional councils of SENAFI, to be installed in each state, would be composed of at least five members, including an expert on vocational education appointed by the M.E.S., an expert appointed by the state government and at least three delegates elected by the industrial employers' sindicatos. This assured the industrialists control of the day-to-day running of SENAFI whilst the C.N.I. assumed responsibility for its overall direction, thus relegating the M.E.S. to a merely watchdog role.

Indeed, the whole project, when compared with its predecessors, showed a clear desire to concentrate decision-making in the hands of the industrialists, who assumed the entire financial burden of SENAFI. No contribution was asked of the government or of the workers and, in return, they were to have no direct say in the running of the new service. Clearly, the desire to have an efficient technical organisation, free of political intrigue, conflicts and the vagaries of government budgetary allocations, was paramount but the project also gave a powerful instrument to the industrialists. Furthermore, it ran completely counter to the centralising tendencies of the M.E.S.'s Organic Law. The workers' sindicatos were in no position under the Estado Novo to complain about what was being done and, in any case, showed no interest in the subject of vocational education, but the Minister of Education, Gustavo Capanema, was at first unhappy about the amount of decentralisation implied by the project. However, when he saw that the M.E.S.'s head of industrial education, Francisco
Montojos, was in favour of the idea on technical grounds, he acquiesced and the project passed. Nevertheless, it was re-written before being issued as Decree-Law 4048, which created SENAI, and the new organisation's internal statute specifically stated that it was subordinate to the M.E.S., although directed by the C.N.I.

Decree-Law 4048 of 22 January 1942 laid down that SENAI was to be responsible for organising and administering apprenticeship schools for industrial workers throughout the country. It was to be organised and directed by the C.N.I., and industrial establishments of the type represented by the C.N.I. were obliged to pay a monthly contribution of 2 cruzeiros per worker to help set up and pay for the schools. This contribution was to be collected by the pensions institute, I.A.P.I., and placed at the disposal of SENAI; the sum collected in each region was to be applied in the same region, after the deduction of a quota for expenses of a general character. Establishments which maintained their own apprenticeship schemes would be exempted from this contribution if they were considered adequate by SENAI, while the contribution of establishments with more than 500 workers was to be increased by 20%. SENAI was to use the proceeds of this additional contribution for training in these same establishments, either by granting scholarships to skilled workers of exceptional ability who needed upgrading and specialisation, or by promoting the establishment of laboratories which could improve their technical and teaching conditions.

A subsequent decree, issued in July 1942, laid down SENAI's internal statute, which described its purposes and structure in greater detail. Its aims were defined as being: a) to organise and maintain throughout the country the teaching of trades to apprentices employed in industrial establishments; b) to carry out vocational selection of candidates for industrial apprenticeship; c) to
organise and maintain extra courses for workers in industry; d) to provide scholarships for exceptionally able skilled workers for vocational upgrading or specialisation and e) to contribute towards the development of technological research of interest to industry.

SENAI's overall guidelines were to be fixed by its National Council and administered by a National Department. Regional councils and administrative departments would adjust the general policies to local conditions and carry out the day-to-day running of the schools. The councils were to be composed of delegates from the Ministries of Education and Labour and representatives of the employers' associations, with the latter holding the majority.

A decree-law issued on the same day obliged industrial establishments to employ and matriculate in the courses run by SENAI a number of apprentices equivalent to at least 5% of their skilled and semi-skilled workers as well as a number of other young workers, which would not exceed 3% of the total number of employees. The apprentices were supposed to have completed their primary education or to possess the minimum knowledge essential for vocational training. If they missed classes they were to lose a corresponding day's pay and they could be dismissed for repeated absenteeism. Fines were also laid down for employers who failed to employ and matriculate the required number of apprentices.

Subsequent decree-laws extended the scope of SENAI to include workers in transport, communications and fishing, gave a legal definition of an apprentice (since youths so classified only received half-pay and there were many abuses) and changed the system of collecting the employers' contribution from 2 cruzeiros per worker to 1% of the contributing establishment's total payroll. This modification, adopted
at the time for administrative reasons, has, in fact, made SENAI reasonably proof against inflation, since wages have tended to follow the rise in the cost of living.  

SENAI was now a reality. During 1942, it started to build up its administrative structure and the first courses began to function in 1943. Many of the experts who had been instrumental in creating it occupied the top positions in the administration: Roberto Mange was appointed director of the Regional Department in São Paulo, João Luderitz became director of the National Department, and the Regional Department covering the Federal District and the States of Rio and Espírito Santo was headed by Joaquim Faria Goes Filho, another prominent expert on industrial training. The relative speed with which SENAI was finally created and put into effect was largely due to the effects of the war, which cut off the supply of foreign labour at the same time that it stimulated the development of Brazil's domestic industry. The war was also responsible for the initial inversion of SENAI's priorities: so great was the demand for skilled labour that the first courses were part of a government crash programme to train and upgrade existing industrial workers. Only in late 1943 and 1944 did SENAI begin to run the basic courses for apprentices, starting with the fundamental trades of metalwork, woodwork and electricity, which were of interest to all industries. At first, the courses operated in rented schools and workshops while SENAI's own buildings were being constructed. It soon found that giving training in the factories caused too much disturbance and so decided to establish completely separate schools with their own workshops.  

Another problem which rapidly manifested itself was the poor health and undernourishment of many of the apprentices, compounded by
illiteracy and a very low educational level in the states of the Northeast. The experts in charge of SENAI were at first surprised by this problem, which hampered the process of apprenticeship, but, led by Mange in São Paulo, they reacted quickly, setting up food, medical and dental services, and classes on hygiene and general education.49 Related to these symptoms of the poverty of the Brazilian working classes was the high level of drop-outs, which reached 44% in the ordinary courses in São Paulo in 1945. The courses for young workers who were not apprentices, which were intended to improve the general education of youths who had left school early to start work, were a failure and were virtually abolished in August 1946, when the maximum proportion of apprentices was raised from 5 to 15% of the number of a firm's skilled workers.50

The 1942 reform of industrial legislation had been carried out entirely with Brazil's own resources, although, naturally, foreign practice was borne in mind by the experts responsible for the changes (for example, Mange had been in Germany in 1929 to study the system of training workers on the Reichsbahn and glowing references to the United States are frequent in the literature of the period). However, both SENAI and the M.E.S. turned to foreign assistance to meet the problems of the 1940s. A number of Swiss experts and a few Americans were contracted to help set up the Escola Técnica Nacional in 1942.52 In January 1946, the United States and Brazilian governments signed an agreement setting up the Comissão Brasileiro-Americana de Ensino Industrial; under this agreement, some 40 vocational teachers and the directors of all the federal industrial and technical schools attended special courses in the United States in 1947 and 1948. SENAI also
sent some technicians to study in American textile institutes from which they returned to establish the Escola Técnica de Indústria Química e Textil in Rio. 54

The reforms of 1942 gave industrial education a rational structure and a definite place in Brazil's secondary education system. From then on, despite the difficulties caused by the wartime conditions and the defects cited by critics, steady progress was made, though the advances in the new area of apprenticeship were, naturally, more spectacular than those in the area of technical education, where the existing upward trend was continued. In 1946, Brazil had 68 officially-recognised establishments of industrial education, of which 30 were technical and 38 industrial schools; 24 of these establishments were run by the federal government, 32 by state and municipal governments and 12 by private bodies. By 1960, the total number of establishments was 94, divided into 44 technical and 50 industrial schools, of which 28 were federally-run, 31 state or municipally-run and 35 privately-run. The number of pupils doubled between 1943 and 1960. Matriculations for industrial, craftsman and technical courses in the federal schools rose from 4,284 in 1943 to 4,669 in 1945, 6,156 in 1950, 6,274 in 1955 and 8,124 in 1960; over the same period, the total matriculation in all schools of this type rose from 13,285 in 1943 to 25,549 in 1960, with a large increase in the number of students in private schools compensating for a relative stagnation in the number at state and municipally-maintained schools. 57

The growth of the SENAI system was much more dramatic. By 1944, it had 38 schools of its own and 27 others in firms which were given special exemption, making a total of 65; the total was 71 in 1946 (42 SENAI and 29 exemption schools), 66 in 1950 (40 SENAI and 26 exemption),
112 in 1960 (75 SENAI and 37 exemption) and 200 in 1966 (105 SENAI and 95 exemption). The matriculation in the apprenticeship courses shot up from 735 in 1943 to 3,570 in 1944, 5,646 in 1945 and 7,099 in 1946. The number of pupils aged under 18 matriculated (apprentices and young workers) was 9,437 in 1944, 7,249 in 1946, 13,856 in 1950, 19,940 in 1960 and 28,773 in 1966, whilst the number of adult pupils on courses to improve their existing skills fluctuated according to the programmes which were being offered at the time. The number of certificates awarded to apprentices who successfully completed their course rose from 315 in 1944 to 937 in 1946, 2,190 in 1950, 6,837 in 1960 and 7,182 in 1966. São Paulo, of course, occupied a dominant position in the SENAI system, since it accounted for 45% of the service's revenue, but schools were set up all over the country, a policy which has been criticised by some on the grounds that it would have been better to concentrate resources in the industrialised areas.

SENAI's rationally-organised, decentralised system of industrial apprenticeship, with its vocational selection and methodical training, was clearly a success and was followed by other Latin American countries, including Argentina, where the government of Perón was, nevertheless, careful to place control in its own hands rather than in those of the industrialists. Simonsen also adopted the same system of administration when he set up the Serviço Social da Indústria in 1946, a system of social services intended to counteract the appeal of communism to the workers and for which all the industrialists paid with a levy of 2% on their total payroll. Both services, with their guaranteed sources of regular income, served to strengthen the employers' syndical organisations, thus incidentally helping to preserve the corporative structure which Oliveira Viana had helped to establish.
Both have been amply exploited by the industrialists' public relations
to show how progressive and concerned they are. Simonsen grasped
this from the start; glossing over the pressure which had been exerted
by the government, he said in 1944:

"SENAI, being paid for by the industrial employers
and managed by them and by proficient Brazilian
experts, certainly constitutes an unmistakable demon-
stration of the great public spirit which inspires
the leaders of Brazilian industry".61
Chapter 11. ROBERTO SIMONSEN AND ECONOMIC PLANNING.

The debates over the reform of the syndical legislation, the minimum wage and the industrial training scheme show the degree to which the Vargas government favoured the interests of the Brazilian industrialists during the Estado Novo and the extent of the influence of their leader, Roberto Simonsen. As we have seen, the initiative for all these measures came from the government: technical experts set out to make reforms and the industrialists limited themselves to reacting to their proposals. However, the government started to pay much greater attention to the detailed demands of the industrialists than hitherto. Thus a process of negotiation began and a mutually satisfactory compromise was eventually reached, which was then embodied in legislation. The institutions which were set up as a result of this process of negotiation and compromise proved successful and have survived relatively unchanged down to the present day.

Nevertheless, the process was rather one-sided. The government knew what it wanted and, although it was willing to make more pragmatic changes in matters of detail than hitherto, it was determined that the main lines of its policy should be maintained. Simonsen and the industrialists, on the other hand, produced no major initiatives of their own and were forced, often grudgingly, to acquiesce in the government's proposals. Cases of conflict were limited largely because Simonsen could see that the government's plans were in the industrialists' own long-term interest.

Still, the passivity and wariness of Simonsen's attitude towards specific government measures contrasted with his public appeals for a bold policy of industrialisation. This contrast is even more marked if we consider the measures which Simonsen and F.I.E.S.P. were urging on the government in private. They showed remarkably little
concern with the installation of new processes and basic industries and, instead, concentrated on measures which would benefit existing industrialists, such as changes in the tariff and fiscal laws, the relaxation of restrictions on immigration, modifications to the social laws and measures to encourage the export of manufactured products.¹

The ambiguity in Simonsen's attitude can be explained by his position as leader of the industrialists' association, F.I.E.S.P. After an unsuccessful attempt in 1936, Simonsen managed to have himself elected president of the Federation of Industries in 1938. His election caused a split among the membership and a large number of firms, headed by the Matarrazzo combine, resigned.² Nevertheless, by the end of that year, Simonsen was claiming a membership of 1,100, representing 60% of the total capital of paulista industry.³ Simonsen maintained his position as president of F.I.E.S.P. until his death in 1948, largely, it is said, by favouring small and medium sized firms which he was able to dominate.⁴ In any case, F.I.E.S.P. gave him an important power-base which, as we have seen, he was loath to relinquish; in return, he built it up into a power in the land which no government could afford totally to ignore. Some industrialists even considered that his greatest contribution to their cause was his strengthening of the employers' syndical and representative organisations.⁵

Simonsen's role as the head of F.I.E.S.P. was largely responsible for his apparently paradoxical attitude towards the process of industrialisation. On the one hand, he had to conduct a public relations exercise, trying to give Brazilian industry a progressive image by emphasizing the advantages of industrialisation to the nation as a whole. On the other hand, he had to represent the interests of existing industrialists, secure what advantages he could for them and protect them where the requirements of an industrialisation policy

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conflicted with those of existing industry. The interests of the established industrialists and of industrialisation were not necessarily synonymous; for example, the decree of 1931 prohibiting the importation of new machinery had protected the industrialists from competition but it also meant that by 1945 almost all the textile machines were obsolete and fit only for scrap. Simonsen managed to play both roles with considerable success in the 1940s; indeed, one of his main achievements was to reconcile the industrialists to industrialisation.

In view of Simonsen's position as the leader of the private industrialists, it is something of a surprise, therefore, to find him throwing all caution to the wind in the mid-1940s and advocating a policy of planning and State intervention in the economy. Yet this, together with his call for American economic aid, is probably the reason for which he is chiefly remembered today.

The question of economic planning was closely linked with that of American aid and the key to both lay in the situation created by the Second World War. The Brazilian government had already begun to consider the possibilities of industrialisation and the home market in the mid-1930s but the outbreak of the war marked a watershed in its economic thinking. The German blitzkrieg in Europe, the resistance of the Soviet Union and the mobilisation of the wartime economies of Britain and the United States impressed the Brazilian military and civilians alike with the vital importance of industry for national security. At the same time, the war cut off Brazil's traditional sources of manufactured goods and forced it to rely on domestic producers. Despite shortages of transport, fuel and raw materials, Brazilian industry boomed and was able both to supply the home market
and also to export textiles to other South American countries and to South Africa. Inflation rocketed as imports fell and the earnings from Brazilian exports were put into circulation but the industrialists were making larger profits than ever before.

The more far-sighted among them realised, however, that this situation could not last. Looking forward to the post-war world, they feared the competition which they would inevitably face when the vast war industries of the advanced nations were converted to peacetime production and sought to reconquer their former export markets. Furthermore, the Allies, in their anxiety to avoid the economic conditions which had contributed to the outbreak of the Second World War, were planning an international economic system based on full employment, growth of production, fixed exchange rates and the free movement of goods and capital. This return to a system of economic liberalism posed a double threat to Brazilian industrialists: a flood of cheap imported goods would deprive them of their markets at home and abroad, whilst an uncontrolled influx of foreign private investment, supported as it would be by greater resources of capital and technology, would tend to move into the most profitable sectors of the economy and, by reason of its greater efficiency, permanently expel the local manufacturers from their lucrative positions.

At the same time, however, the United States was showing an encouraging degree of interest in the industrialisation of Brazil. The American government was helping to finance and install the great steelworks at Volta Redonda and in 1942, it dispatched the Cooke Mission, whose objectives were to increase local production and the local manufacture of products previously imported, maintain and improve transport facilities and lay the foundations for a long-range strengthening of Brazil's industrial economy. Cooke's enthusiastic and
comprehensive report on the possibilities for Brazilian industrialisation and the utterances of various American government figures led the Brazilians to believe that they could count on extensive American support.

Simonsen's espousal of State planning and American aid should be seen in the light of this situation. Although not hostile to foreign private capital, he particularly wanted American governmental capital which would not seek speculative profits or more than a very moderate rate of interest and which would be invested in the economic infrastructure, particularly the transport system and the supply of energy, both highly politicised areas which were essential to economic development but unattractive to private enterprise. The price of such government to government aid was State planning of the economy, since this was the only practical means of allocating the resources thus obtained. However, this solution had the advantage of leaving the Brazilian entrepreneurs firmly in command of the profitable manufacturing sector.

Another factor was the attitude of the Brazilian government. Under the pressure of the wartime emergency, the State had already assumed a large degree of control over the economy through João Alberto's Coordination of Economic Mobilisation and other bodies, and it was showing an increasing interest in industrialisation. Looking back at the ideas which he had first put forward at the inauguration of C.I.E.S.P. in 1928, Simonsen observed in 1941 that "today they are admitted everywhere and by everyone". Furthermore, the idea of planning was very much in favour in the democratic countries, all of which were making preparations for the post-war world. Thus, a combination of circumstances led Simonsen, Euvaldo Lodi and other
leading industrialists to embrace the idea of planning. In part, their reasoning was that since planning and State intervention in the economy were inevitable, the interests of the industrialists would be best served by participating in it from the inside rather than futilely fighting against it.

There were also, however, more immediate motives of a political nature. From late 1943 onwards, as the cost of living shot up and Brazilians began to perceive the anomaly of fighting for democracy abroad whilst living under a dictatorship at home, support began gradually to drain away from the government and Vargas became increasingly preoccupied with ensuring the survival of the regime. The appearance of the Manifesto dos Mineiros in October 1943 marked the rebirth of the liberal democratic opposition to the Estado Novo and the brutal suppression of a student demonstration in São Paulo in November 1943 increased resentment against the government. With the eventual victory of the Allies already in sight, it was clear that changes would have to be made in the regime sooner or later and manoeuvring for advantage began among its leading adherents. Even within the government, there was a liberal-minded group, attached to Getúlio Vargas by personal loyalty, which gathered around the figure of Oswaldo Aranha. Aranha expressed support for democracy through the Society of the Friends of America but was forced to resign from his post as Minister of Foreign Affairs by pressure from Army hard-liners led by the Minister of War, Eurico Dutra.

Another centre of liberal influence, although of the economic variety, was the Minister of Finance, Souza Costa, a fiscal conservative with a decided dislike for the new-fangled Keynesian ideas of deficit financing. Souza Costa attacked the protectionist tariff
while on a visit to F.I.E.S.P. and imposed an excess profits tax on
the industrialists. He and Simonsen had frequent and violent arguments.

Opposition to the liberal elements within the government was led
by Dutra and the generals, Getúlio's gangster-brother, Benjamin Vargas,
and the Minister of Labour, Alexandre Marcondes Filho, who was also
Minister of Justice. Marcondes Filho outdid all others in public
expressions of support for Vargas and remained loyal to him to the
very end. He gave a series of weekly talks on the Hora do Brasil prop-
aganda programme on the wireless in which he discussed various aspects
of the regime's social legislation, and later he devoted a series of
programmes to praising the Constitution of 1937. Yet, despite his
public image of servility to Vargas, Marcondes Filho was an intelli-
gent and ambitious man with a liking for the good life, who staked
everything on Vargas's weathering the storm at the end of the war
and continuing as President afterwards. As Minister of Labour, he
was rather attached to the corporativist trappings of the Estado Nôvo
but the main element in his strategy was to secure Vargas's continu-
ation in power. In pursuit of this aim, he used the popularity which
Getúlio's labour legislation had gained among some sections of the
working class to build the queremista movement, an embryonic form of
populism which was intended to frighten the President's liberal middle-
class opponents from trying to oust him by demonstrating his popular
support. Marcondes Filho was also accused of encouraging "communist"
strikes and disorders as part of a conspiracy to allow Vargas to
cancel the elections he had promised and continue in power. In
addition to this grand strategy, Marcondes Filho was an "empire-
builder" in his own right and, as Minister of Labour and of Justice,
he tried to extend his influence in the government as far as possible.
The functionaries of the Conselho Federal do Comércio Exterior complained bitterly of the deliberate obstructionism of the Ministry of Labour. 24

The government's sudden interest in planning in 1943-44 must be seen against this background. Not only was economic planning in vogue at the time and, indeed, an essential prerequisite for the hoped-for American aid, but it also fitted into Marcondes Filho's domestic strategy. As eventually proposed, the planning body would give the Minister of Labour a commanding position in the management of the economy and largely displace his rival at the Ministry of Finance. The effort to achieve economic development was to be popularised with the slogan of a "war against pauperism", which fitted in with Marcondes Filho's desire to change the corporative regime into a "social democracy", rather than the liberal democracy advocated by the regime's opponents. With the nation's attention focussed on economic matters, Vargas could quietly retain political power.

Simonsen was a close personal friend of Marcondes Filho and also went along with his arrangements for his own ends. 25 For not only did the co-operation of the industrialists represent a significant token of support for the regime when others were turning against it, but it also gave prestige to the industrialists themselves. Furthermore, it allowed important issues of economic policy to be freely debated before a relatively large audience and, had Marcondes Filho's political strategy worked, Simonsen and the industrialists would undoubtedly have had much greater influence on government policy-making.

The movement towards planning began in late 1943 with the creation of the Conselho Nacional de Política Industrial e Comercial (C.N.P.I.C.) and the holding of the first of a series of three congresses of
industrialists and entrepreneurs which met in Rio, São Paulo and Teresópolis in 1943, 1944 and 1945 to hammer out a consistent attitude towards post-war economic policy and the role of the State. The general conclusions adopted by these congresses favoured a policy of economic development, social welfare and State planning. Previously, Vargas had consistently opposed the attempts of Simonsen and the industrialists to organise similar congresses. Now he openly lent his support and attended them in person.

Opening the first of the congresses in 1943, João Daudt d'Oliveira, president of the Associação Comercial do Rio de Janeiro and of the Federação das Associações Comerciais, told his listeners that they must look into the future, particularly to the effect on a partially-industrialised Brazil of the conversion of war industries in the industrial countries to export manufactures. The general desire for social reform could not be fulfilled without an increase in national income, which would never be attained as long as agriculture and the production of raw materials dominated the Brazilian economy. "From this we draw a precise, clear, unmistakable course to which no Brazilian economic policy can fail to be attached in the future: the industrialisation of the country." Furthermore, "governments are responsible for coordinating the disperse elements of [economic policy] with an overall plan and this justifies the need for the participation of the representatives of production on its technical councils and cabinets". Finally, he emphasized the need for co-operation with the United States.

In November 1943, Vargas created the Conselho Nacional de Política Industrial e Comercial under the presidency of the Minister of Labour, which represented an important step in the direction of planning.
The purposes of the C.N.P.I.C. were to study, plan and propose measures to: a) adapt the Brazilian economy to peacetime conditions; b) encourage the industrial and commercial activities of the country; c) defend activities already in existence, as well as to form new ones, especially for the production of essential raw materials; d) found basic industries required for defence or the national economy, taking into account the natural possibilities, localisation, transport facilities or proximity of centres of consumption and problems connected with internal migration, immigration and unemployment; e) promote greater trade between the various economic regions of the country; f) give prestige to economic activities and propose coercive means capable of avoiding fraud and unfair competition; g) provide means for syndical bodies to collaborate efficiently in industrial and commercial activities; and h) consolidate an industrial and commercial policy, aimed at strengthening the economy, raising the general standard of living and increasing trade with other friendly nations.

It was the sort of inquiry which Simonsen had long pressed for and he was given a seat on the new council. At its second ordinary meeting on 13 April 1944, two questions were set out by Marcondes Filho: a) if Brazil's economic evolution had already established the fundamental principles which should guide its industrial and commercial development in the future; b) if it was possible to classify the industries deserving protection in view of their chances of success and permanence in the face of foreign competition. Simonsen was asked to report on the first one.

The resulting report, *A planificação da economia brasileira*, summarised the ideas on Brazil's economic and social future which
Simonsen had been developing over the preceding twenty-five years but its main significance lay in its express support for the principle of government economic planning. He began by referring to the calculation made by the Diretoria de Estatística e Previdência, at the C.N.P.I.C.'s request, which estimated Brazil's national income, based on the total capacity of consumption, at around 40 billion cruzeiros, or 25 times less per inhabitant than in the United States. He then quoted from various American technical experts to show the dominant position of industrial countries, the illusory nature of the prosperity brought to Latin America by the great rise in the prices of raw materials and the problems of adjusting to postwar prices, and the bottlenecks then existing in the Brazilian economy, which were mainly caused by the shortage of imported fuels and specialised metals and equipment; however, these experts also foresaw a bright future for the industrialisation of Brazil.

Simonsen next reviewed the economic situation in Brazil; he noted that the transformation industries had grown considerably over the preceding five years but few basic industries had been created by private initiative, although the federal government had promoted some valuable undertakings. Looking at the Brazilian economy, he painted a sombre picture of rising prices, lack of fuels, deficient transport, absence of basic industries and difficulties with technicians and trained manpower. The urban areas and the extractive industries producing strategic materials had expanded at the expense of food production, which was stagnant; other problems were the shortage of housing in the great cities and the balances held abroad which could not be transformed into articles necessary for the Brazilian market. Thus, the national income had not really increased.
Simonsen observed that there were many organisations in the United States engaged in preparing for the postwar world, with the main objective of achieving full employment, and warned that the movement to grant essential economic rights to all men would highlight the insufficiency of Brazil's national income after the war. Therefore, the main objective of Brazil's development should be to strengthen its economy and its agrarian, industrial and commercial policy should be subordinated to this aim.

Turning to the standard of living, Simonsen considered that the suggestions he had made to the C.F.C.E. in 1937 about the need to treble Brazilian consumption remained valid: at the prevailing rate of exchange, this meant that Brazil would need an increase of 60 billion cruzeiros in its national income, which would still be about seven times lower per inhabitant than the American one. Yet, the relative value of Brazil's national income was stationary and had even been declining in the last few years. He therefore concluded that Brazil needed a national income four times higher than the present one or about 160 billion cruzeiros.

Such a gap could not be closed at a stroke. Production for the internal market was subject to consumer needs, which in turn varied with productivity, the level of education, technical efficiency, etc.; at the same time, increased prosperity could not be achieved with new exports. Furthermore, the simple application of classical methods of hastening economic development by stimulating private initiative, productive sources and the internal market would not be able to overcome the slow rate of Brazil's material progress. If this continued, it would condemn the country to deep social unrest in the near future, as the notions of comfort and better food, housing and clothing spread
among the undernourished and impoverished population. Brazil's present economic structure would not be able to provide the people in general with the fundamental elements of the new economic rights.

"Thus it becomes essential to plan the Brazilian economy to enable it to satisfy the essential needs of our population and provide the country with a strong, stable economic and social structure, supplying the nation with the resources required for its security and for its prestige in the international sphere." 33

Modern science and technology provided the basic elements for this planning whilst Russia, Turkey, and the wartime planning of production in the United States and Britain stood out as examples. Thanks to the numerous inquiries carried out, Brazil already possessed the elements needed to draw up such a programme and the entrepreneurial classes were ready to collaborate in it.

"The central part of a programme of this nature, [...] has to be constituted by industrialisation. However, this industrialisation cannot be separated from the expansion and improvement of our agricultural production, to which it is essentially linked." 34

Transport and the processes of distribution and commerce should also be improved. Simonsen thus advocated a general plan for the whole economy, rather than one restricted to industrialisation:

"Thus planning to strengthen the national economy should deal equally with industrial, agricultural and commercial problems as well as the social and economic ones of a general order.

[...] we would propose, as a prime objective, a national income of over 200 billion cruzeiros, based on the purchasing power of the currency in 1942, to be achieved within a period of 10 to 15 years. The programme would be developed in five-year plans, continuously and carefully reviewed, whose execution would follow the lines of a genuine economic war against pauperism". 35

He calculated the minimum sum necessary for the financing of this programme at around 100 billion cruzeiros, most of which would be used for the electrification of the country, the exploitation of
its various reserves of fuel and the organisation of its transport system. The programme would also cover the modernisation of food production and the expansion of agricultural production in general, the creation of key metallurgical and chemical industries capable of guaranteeing Brazilian industry relative self-sufficiency, together with a whole series of correlated measures such as the establishment of new engineering schools, technological research institutes and vocational education, the creation of industrial banks and other financial establishments, and selective immigration of efficient technicians and workers.

Finally, Simonsen asked how the financing necessary for such a large undertaking should be obtained and to what extent the State should intervene in carrying out the plans. As regards financing, he suggested that Brazil should begin by pledging at least 50% of its reserves abroad to the programme and intensifying production. But he thought that the general financing could be obtained from the United States, since the annual supplies which Brazil would need, largely in imported machines and equipment, would represent less than 0.2% of the American national income. The operation should be negotiated in a different form from the usual loans, as far as the fixing of interest, time and amortisation were concerned. Interest would be substituted initially by participation, for a certain period, in the profits of industrial activities and, eventually, in the balances from new exports in general, so as to avoid the over-capitalisation of investments.

The degree of State intervention should be worked out with the various representative associations in order to use private initiative to the maximum and prevent activities already functioning within the country from being harmed by the installation of new, competing
initiatives; means to renew existing equipment would also be provided at the same time. Finally, he obliquely demanded the curtailment of imports while the plan was being carried out.

Thus, we see that in this brief report Simonsen provided a justification for the State planning of the Brazilian economy, based on the need to raise the average standard of living rapidly in order to avoid social unrest, and suggested in broad outline the areas which should be covered by the plan and a possible means of financing it. But he did not go into any detail either about these areas or about the actual mechanisms to carry them out. Since the idea of planning was already fully accepted by the other members of the C.N.P.I.C., Simonsen was, in effect, institutionalising approval for it from the private sector.

Surprise is sometimes shown that Simonsen, as a representative of the private industrialists, should countenance and approve the notion of widespread State intervention in the economy. His attitude is not so surprising, however, if we consider some aspects of his past history. On the one hand, temperamentally, he was not the rugged individualist of nineteenth century laisser-faire industrialisation; he attributed his success as an entrepreneur to the application of the principles of scientific management and the rational organisation of labour and, as he himself pointed out to the C.N.P.I.C. in the discussion of his report, this experience inclined him towards planning in general. Moreover, he had suggested a mobilisation of industry in Santos when Brazil entered the First World War, had himself conducted such a mobilisation during the São Paulo revolution of 1932 and was greatly impressed by the achievements of war production in the industrialised nations.
On the other hand, Brazilian industry, depending as it did on tariff and exchange rate protection, had always been dependent on government policy. From his earliest speeches in the 1920s, Simonsen emphasized the need for stability and a fixed government policy. He constantly complained about the frequent changes in economic and financial policy, often made at a moment's notice and with no consultation with the parties affected. He must, therefore, have welcomed any move which promised to stabilise Brazil's future economic policy. Furthermore, he had himself suggested measures of partial planning with his National Export Institute in 1935 and the F.I.E.S.P. memorandum's suggestion of selecting industries to stimulate in 1937.

Simonsen himself was too delicate to mention profits explicitly but other entrepreneurs were more forthright. João Daudt d'Oliveira told the Conferência das Classes Produtoras, meeting in Teresópolis in 1945, that while Brazil needed a programme of planning and the State had to take the basic measures which were beyond the scope of private initiative, the two forms should not become confused: the State could have a monopoly but should not seek profits whilst private enterprise had to be free to make profits within a regime of free competition. 38

Meeting to discuss Simonsen's report, the members of the C.N.P.I.C. quickly decided that they were agreed upon the principle of planning and moved on to consider what form this planning should take. 39 There was some difference of opinion between Simonsen and Arí Torres, a technical expert who had worked with the Cooke Mission during its visit to Brazil, as to whether the planning should cover all aspects of the economy, as Simonsen advocated, or should concentrate on industrialisation. Simonsen also wanted various specialised technical
commissions on agriculture, transport, financing, social, economic and political problems, coordinated by a central committee, whereas Torres said there should be only one central office in charge of all sectors. Rômulo de Almeida, a technical assistant to the C.N.P.I.C.'s secretariat, then produced a lengthy study on the theoretical bases of planning and the possibilities for its application to Brazil, stressing that planning was a neutral technique, doubtless in deference to the growing democratic opposition to the Estado Novo and its methods. At a later meeting, Simonsen and Torres each produced an outline scheme for the planning bodies and a special commission headed by Simonsen's friend, Euvaldo Lodi, was designated to consider the suggestions and draw up the C.N.P.I.C.'s conclusions on planning. The draft decree-law which they drew up retained the basic structure of Simonsen's scheme but with the significant alteration that the top planning organs would be composed of government ministers and technocrats rather than representatives of private economic activities, as suggested by Simonsen. Marcondes Filho then wrote an Exposition of Motives to go with the draft decree-law, in which he summarised the discussions of the council for Vargas.

Meanwhile, the economic liberals in the Ministry of Finance had responded to Marcondes Filho's offensive by persuading Vargas to create a Comissão de Planejamento Econômico, which was subordinated directly to the President of the Republic through the Conselho de Segurança Nacional. Vargas sent Simonsen's report and the deliberations of the C.N.P.I.C. to this commission in order to hear its opinion.

The commission's verdict was delivered by Eugênio Gudin, Brazil's leading apostle of economic liberalism. Gudin had spent much of his
life working for British-owned public utility companies and he favoured a system of free trade and free entry for foreign private capital. Although not entirely hostile to the idea of industrialisation, he was sharply critical of the protectionist tariff and Brazil's existing industry and laid greatest emphasis on improving the efficiency of agriculture and mineral production for the export market. Consequently, he opposed almost everything Simonsen stood for.

In his report on the project for the planning of the Brazilian economy, Gudin said that he did not disagree with Simonsen's considerations about the weakness of the Brazilian economy or the pauperism of the population, nor with the general objectives aimed at in the report: expansion of fuel production, reorganisation of transport, modernisation of agriculture, industrialisation, etc. However, he then proceeded to lambast Simonsen's enthusiasm for the "plan" as the solution for all economic problems, "a type of magic word which resolves everything, the mystique of planning which was bequeathed to us by the failed American 'New Deal', the corporative economies of Italy and Portugal and the five-year plans of Russia". Gudin preferred to analyse the defects and errors of each sector of the economy and study the means of correcting them.

However, he thought that this may have been more a divergence of terminology than a basic difference. Where the divergence became fundamental was when Simonsen stated that private enterprise was incapable of accelerating the growth of national income, asserted the need for a great government to government financial operation, and dealt with the essential question of State interference in the economy as a simple matter to be arranged between the government and the class associations. This would lead to the consolidation of a
totalitarian regime of State capitalism. In an unkind cut at Simonsen's position as president of F.I.E.S.P., he also attacked "his constant concern to guarantee the paternalistic protection of the State for 'existing interests', especially those of the present industrialists, [...] not hesitating to proclaim 'the need not to prejudice activities already functioning in the country with the installation of new competing initiatives'!" 

Turning to more detailed criticisms, Gudin attacked the accuracy and validity of the M.T.I.C.'s calculation of total national income, critically analysed the origins of the mystique of planning and warned against the danger of increased State intervention, particularly when its effect was to protect existing interests. He asserted that there was no middle path between State capitalism, with a totalitarian regime and the suppression of the private ownership of the means of production, and political democracy and liberal economics. Brazil had already gone an alarming distance along the path towards State capitalism.

"I am not discussing ideologies here. I am merely showing the grave legacy of State capitalism which has been left us by the totalitarian regime which is now being extinguished. If we want to march towards State capitalism, towards communism, towards nazism or towards any other totalitarian type, we are on the right path. And the Simonsen project represents, unintentionally of course, another step in this direction.

But if we want to travel towards Democracy and a Liberal Economy, then a change of direction is pressing and instead of broadening the industrial field of the State even more, we should, on the contrary, return the government-controlled industrial undertakings to the Private Economy".

Gudin attacked the notion that the private economy did not dispose of sufficient resources to undertake some commitments and that only the State had the financial capacity for this. He also thought that government to government credit operations would frighten away foreign
Nevertheless, this did not mean that the State should take no interest in the economy; on the contrary, Brazil had a pressing need for a series of legislative and administrative measures capable of permitting and facilitating the expansion and economic progress of the country, but the State must do this without invading the activities which were a function of private initiative. Thus he suggested a series of measures and favours by which the State could encourage private initiative.

As for the inquiry which the Comissão de Planejamento Econômico was charged with making, its object should not be to formulate a detailed plan of the minutiae of production, which could only be executed in a totalitarian State, but to investigate the capacity, productivity, efficiency and economic possibilities of each of the principal sectors of economic activity of the country, analyse and indicate measures to correct the deficiencies verified, and suggest measures of encouragement and support which the State could offer for the expansion and the productivity of new and existing companies in each sector of the economy.

In the second part of his report, Gudin discussed the monetary problem and suggested a series of measures to curb inflation. He attacked the mercantilist spirit of Brazilian politicians who tried to obtain trade surpluses by restricting imports. The balance of trade was only one item in the balance of payments and he suggested that Brazil should, instead, control inflation, encourage the formation of international bodies to defend the prices of primary products and create and maintain the conditions required to attract foreign capital. He attacked the protectionist tariff, which raised the cost
of living, and the protectionist theories of Manoilescu, a writer much favoured by Simonsen, but admitted that, with the falling purchasing power of the cruzeiro, the rise in wages and the artificially high exchange rate, Brazilian industry was deprived of its protection. However, the remedy was to readjust the exchange rate to a level of parity with purchasing power and not to adopt the system of "prior licence" (licença prévia) for imports, which he heartily condemned.

Turning to the question of industrialisation, Gudin claimed that the argument that industrial countries were rich and agricultural ones poor, which was used in favour of industrialisation, was not true: efficient agriculture could create a rich country with a high standard of living, as in the case of Argentina.

"What we need to do is to increase our agricultural productivity instead of scorning the only economic activity in which we demonstrate an ability to produce advantageously, i.e., the ability to export. And if we continue to expand industries which can only live under the protection of 'heavy' customs tariffs and a falling exchange, we shall continue to be a poor country beside the rich country which Argentina is." 47

Nevertheless, he admitted that Nature had not been especially generous to Brazil with fertile plains and land, and so Brazilians should try to exploit their industrial and mineral potential on a par with their agricultural economy. To this end, he suggested a series of measures to encourage the formation and investment of private capital, attract foreign capital and, above all, increase productivity. "The banner which we need to raise in Brazil is not that of a 'plan' but, instead, that of 'productivity', not only in Industry but in all the other economic activities". Finally, he ended with a bitter attack on the "reactionary interests of groups and industrial associations who aim, above all, to defend the private interests of industrialists already
installed" and fight against everything which may come to compete with them. 49

Simonsen was given the opportunity to appear before the Comissão de Planejamento Econômico to reply to this attack. He began by defending his support for State intervention and planning of the economy: State intervention was being contemplated in the advanced countries as a solution for the problem of unemployment after the war and the technique of planning had given Russia the strength to resist the Hitler invasions. In Brazil, economic weakness and instability had led to a series of partial plans and interventions by the State, which had created a de facto situation:

"It is not a question of choosing between the presence and absence of interventionism but, rather, between good and bad interventionism. This situation would have been largely avoided if all these interventions had obeyed an overall plan " 50

"Planning represents a coordination of efforts for a determinate purpose.

If the national income is very low, if the levels of life, in large areas, are wretched, if we possess considerable natural resources and extensive stretches of unused land, if modern technology and science offer the essential instruments to correct this state of backwardness by rational planning, why not adopt it?" 51

The concept of planning was not necessarily linked to anti-democratic political and economic schools: the liberal State has long been planning in fact if not in name.

"Planning has emerged today as a more important technique because the problems have become very complex and the progress made in the economic and social sciences and in technology in general has been enormous". 52

"Economic planning is a technique and not a form of government. It does not exclude private undertakings. On the contrary, it creates such an atmosphere of security that it facilitates the better and more efficient use of private initiative, which is intimately linked to the concept of property. In the countries in which universal suffrage exists and where
the majority of the voters are not property-owners, private property will only maintain itself fully as long as this majority is convinced that the exercise of this right represents the true interest of society as a whole. Simonsen pointed to the possibility of obtaining American financing, along the lines of "Lend-Lease", for the economic reconstruction of Brazil, adding that "in order to be able to negotiate this financing it is essential to draw up an overall plan, with the necessary details". Finally, to show that he had the backing of a large number of Brazilian industrialists and entrepreneurs, he quoted the conclusion of the Congresso Brasileiro da Indústria accepting planning as a technique.

The rest of the reply was devoted to a lengthy analysis and rebuttal of Gudin's report. Simonsen bitterly accused Gudin of insulting him and various high public figures and of misquoting and distorting parts of his report. He defended the M.T.I.C.'s calculation of the national income, showing the difficulties inherent in such a project, pointed out factual errors in Gudin's report and denounced his attachment to the liberal school, both for the problems which it had created and for the fact that its theories were designed for the advanced countries, which, even so, often did not apply it in practice.

"Will the Relator (Gudin) deny that the liberal regime has facilitated the rise of monopolies, the growing proletarianisation of the masses, the concentration of wealth in the hands of a small number and the imperialism of the great financial and industrial centres which, while controlling the markets for raw materials, produce the instruments of political and economic force?"

"The defence which the Relator makes of free exchange is based on ideal conditions, which do not exist in the present world and particularly in Brazil".

"The Relator has not understood that these principles, worked out with reference to the over-capitalised countries, which are endowed with an advanced economic structure, in relation to full employment and the disequilibrium between the factors of production, are
not the ones which are of most interest to the new countries, with a weak economic structure, a semi-colonial economy and without diversified production, which, in the absence of economic and financial institutions and structure and with a lower demographic density, live in a state of permanent crisis, which is aggravated by the repercussions of the cyclical depressions in the over-capitalised countries." 51

However, Simonsen's most telling criticism of Gudin was of his failure to understand and consider remedies for the slower rate of Brazil's development compared with that of other countries.

"The Relator is not impressed by the state of poverty of our country since the era of independence and our limited rate of progress, compared with that of other countries which have moved ahead over the last one hundred years; [...]. None of this merited his attention. We have to progress only through the improvement of the normal economic conditions indicated by British and American economists as necessary to maintain the harmony of evolution in the over-capitalised countries..." 58

He also criticised Gudin for his complete lack of concern with the social problem and thought it unlikely that sufficient foreign capital would flow to Brazil without a fair and frank government to government agreement.

Finally, in contrast to Gudin's espousal of the classical laissez-faire economic liberalism, Simonsen outlined the case for a mixed economy:

"State intervention becomes essential whenever private enterprise shows itself defective or incapable. It is not true that this intervention is incompatible with an economic system based essentially on private initiative". 59

"Limitations and corrections of certain deficiencies observed in private enterprise are being applied by subsidies or by taxes, according to the case. The misuse of natural resources is being corrected by State intervention. Waste through the bad orientation of undertakings can be compensated for by selective credit, which is very difficult to execute outside a general plan. But the deficiency of the entrepreneur or employer factor can only be corrected by its replacement by the State, in the form of autarchical or mixed economy companies. This State capitalism is not at
all incompatible with the regime of private initiative as the essential basis of the economic system." 60

And he ended by quoting the conclusion of the Economic Charter drawn up by the Conferência das Classes Produtoras in Teresópolis recognising the need for economic planning.

Despite Simonsen's spirited defence of planning, the economic liberals in the Ministry of Finance succeeded in emasculating the project even before the end of the Estado Novo. Then the military overthrew Vargas and the industrialists, who were closely identified with the fallen regime, suffered a temporary reverse. With the return of democratic politics, such organs of planning as had been established were suppressed or allowed to fade away, as unpleasant vestiges of Estado Novo totalitarianism. In 1946, in reply to an inquiry from the Inter-American Council for Trade and Production, Simonsen admitted sadly that, with the change of government, the Comissão de Planejamento and the idea of planning itself had been relegated to a secondary level. 61

The end of the Estado Novo did not mean the total eclipse of Simonsen and the industrialists, however. In 1945, Simonsen suffered the first of the heart attacks which were eventually to kill him. While he was recuperating at his holiday home in Campos de Jordão, he hit upon the idea of founding SESI, the industrialists' social service. President Dutra approved the idea and SESI was set up in 1946. It was financed by a 2½% levy on the pay-roll on all industrial firms and administered by the employers' federations. Not only did SESI provide social assistance for the working classes and present a benign image of the industrialists but it also served, together with the SENAI system on which it was modelled, to strengthen the employers' syndical organisations and ensure their survival in the new democratic regime. 64
Realising that he had only a short time to live, Simonsen threw himself with renewed vigour into public life. In 1946, he was elected to the Academia Brasileira de Letras on the basis of his monumental História econômica do Brasil, a distinction which he had long coveted. The following year, he ran for election as a senator for the State of São Paulo to the federal Congress; running on the PSD ticket, he trailed miserably in the city of São Paulo and only secured election thanks to the votes delivered by the pro-government coronéis in the interior of the state. Meanwhile, throughout this period, he was developing his ideas on the need for American financial and economic aid, to assist Brazil's economic development.
Brazilian interest in planning in the 1940s was closely linked to the question of American economic and financial aid. The spirit of wartime co-operation seemed to signify that the United States had espoused the cause of Brazilian industrialisation. The steelworks then being constructed at Volta Redonda with American financial and technical assistance, the Cooke Mission's enthusiasm for industrialisation and planning of the Brazilian economy and the remarks of various government advisers in Washington led Brazilians who advocated planning to believe that they could count on American assistance in the post-war world. 

Simonsen, who had long been concerned with the shortage of capital in Brazil, readily saw the advantages of this situation. As early as 1940, he had suggested that "the better equipped nations should facilitate the equipment and raising of the level of life of the other peoples, to prevent the formation of focal points of poverty and discontent within the American continent". As the war progressed, however, and the outlines of the post-war world began to emerge, Simonsen began to treat the question of the economic relationships between the rich and the poor nations and the need for international co-operation and assistance with greater urgency. It was no longer merely a case of poor nations having to raise their standard of living as he noted with alarm that the gap between the industrialised nations and the under-developed ones was tending to increase rather than to diminish. Worse still was the fact that the advanced nations seemed to have no concept of the problems faced by the poorer ones and were devising an international economic system which, whilst serving their own interests, would be positively harmful to those of the developing countries.

Simonsen first formulated his ideas on this subject in a speech
which he gave in Rio de Janeiro on 8 October 1943. In this general review of Brazil's present economic situation and future economic policy, he began by drawing attention to the tremendous progress in productive capacity and organisation achieved during the war in the United States and other industrialised countries. However, he noted that, despite the real advances made, Brazil had not been able to keep up with this rate of progress. "Relatively speaking, we have, in fact, become poorer compared with the rates of growth of the democratic powers." The studies on post-war policy in the United States and Great Britain were concerned with maintaining a high level of national income, avoiding unemployment, preventing war and improving the distribution of national income. But in Brazil and the other Latin American nations, such studies ought to deal with two other fundamental questions: how to raise the national income to a level sufficient to attend to national needs and how to provide each inhabitant of the country with a minimum amount of resources capable of giving him a decent existence.

Emphasizing Brazil's low national income, Simonsen went on to explain that only in exceptional circumstances could a high national standard of living be based solely on extractive industries and agriculture, and that an economy based on a reasonable balance between primary, secondary and tertiary activities was to be preferred. Thus, he argued that while Brazilian agriculture should be improved by applying technology and organisation, increasing its profits and reducing the cost of foodstuffs, an intensive policy of industrialisation should be carried out in parallel. However, the cost of products manufactured by incipient industries was inevitably greater than those which were mass-produced in the over-capitalised countries. Thus, "to permit the free access of these manufactures everywhere is to suffocate the development of any regional industrial plant in the
under-capitalised countries. Activities in these countries would then be shifted into the primary industries and as the population would not be able to obtain sufficient economic resources to ensure a suitable standard of living, this would lead to the existence of rich landowners in the middle of an impoverished population. "Industrialisation of a country like Brazil is indispensable for it to attain a high level of civilisation", progress and the liberation of man.

Returning to the question of commercial treaties, which he had discussed in his speech on the U.S.-Brazilian treaty of 1935, Simonsen warned:

"When commercial treaties are signed between a highly industrialised nation and another in which the so-called 'colonial products' predominate as articles of export, they are, in fact, promoting the exchange of poorly-paid products for highly profitable ones. Even if the balances of trade and of payments between these nations are in monetary equilibrium, the exchange made, without doubt, favours the more industrialised country."

Similarly, with international movements of capital: a rich country might lend a poor country capital for its development and this capital might be used largely to purchase products from the creditor country. The latter would, in fact, receive the profits resulting from the sale of its industrial products, besides interest and amortisation of its capital. International financial history showed the difficulties which debtor countries struggled against to maintain such agreements.

Clearly, the advanced countries tended to control the world economy through their financial systems but, nevertheless, it was in their own interest to combat the centres of poverty, which were also centres of discontent and revolt, with repercussions which affected the social order and national and international politics.

However, the unofficial post-war plans which were then being discussed in the belligerent countries postulated an international policy
based on the creation of a stable currency and the destruction of customs barriers.

"This is an old-fashioned capitalistic point of view assumed, logically, by industrial groups with a strong financial system, who aim to maintain the pace of their great progress in the increase in world trade and the remuneration of their capital.

The devaluation of the currency in certain countries does not always signify the existence of administrative errors. It often reflects the automatic defence of their economy, impoverished by circumstances outside of their control. The suppression of tariff barriers, together with the stabilisation of the currency, deprives the countries which are beginning their industrialisation of two potential weapons of defence against a merciless competition because, unlike the powerful nations, they cannot support their production with an advanced financial structure, easy means of transport and technical resources of all kinds, which are factors in reducing costs or arms with which to conquer markets."

Obtaining loans from rich countries for the purchase of consumer products meant the creation of an artificial standard of living for the debtor country, subjected it to violent fluctuations and crises, and contributed to its economic instability. Foreign loans should only be contracted for application in productive undertakings, since the transfer of interest and amortisation on these loans could only be achieved by the provision of services or the export of goods. He suggested that economic and social maps of each nation should be organised for the general guidance of post-war international agreements.

"When drawing up treaties, it is not sufficient just to consider the values involved in monetary terms; it is necessary to consider them qualitatively so as to introduce the necessary corrective coefficients into these agreements. So, nothing could be fairer [... ] than that, alongside each commercial treaty, there should be another fixing compensation of an economic order for the peoples and regions with a lower than normal standard of living."

Centres of poverty bred unrest which gradually undermined the stability of societies in general and encouraged the outbreak of war; the
present war was demonstrating to what formidable expenditure the rich nations had been driven in defence of civilisation through having failed to prevent or destroy the causes which led to war. This in itself

"would justify the maintenance of a considerable part of the present war budgets to combat poverty and backwardness, which will allow the rich nations to contribute decisively to raising the level of human life and to creating a world consciousness of social justice, which would certainly be the most effective obstacle to the outbreak of future wars".10

Referring to the wartime agreements with the United States for the sale of strategic products and the development of Brazil's extractive industries, Simonsen continued:

"When the war is over, such agreements could be followed by others, of a broader character, which would provide us with a large amount of mechanical equipment".11

In return, he held out to the United States and Britain the prospect of a wealthier, industrialised Brazil as a more valuable and stable trading partner.

The rest of the speech was devoted to the need for a vigorous domestic policy of industrialisation, which should include the systematic improvement of the country's sources of energy and its transport system, technical and financial assistance for all industrial initiatives, guarantees for Brazilian and foreign capital, encouragement for the investment of Brazilian and foreign capital in industry, the spread of vocational education and firm international agreements.

In this speech, therefore, Simonsen established that the economic situation of poor, backward countries was intrinsically different from that of the advanced nations and that their interests were often in conflict. However, he believed that if the rich nations were willing to make the necessary concessions, this conflict of interests could be mitigated and the obstacles to development overcome. Everything depended
upon the industrialisation of the poor nations.

Simonsen repeated these ideas in a paper on the concept of national income which he submitted to the International Economic Conference which met in New York in November 1944. In this paper, he criticised the preoccupation of the economists of the advanced countries with restoring the international economic system which existed at the beginning of the century, emphasized the special position and interests of the poor nations and pleaded for financial and technical assistance from the rich nations to allow them to increase the rate of growth of their national income. The paper was, however, rejected by the conference. Meanwhile, on the home front, Simonsen assured American businessmen that Brazilian industrialisation would increase the country's trade with the United States and he continued to defend industry against domestic critics, stressing its contribution to Brazil's war effort and demanding a firm policy of industrialisation and economic development from the government.

With the end of the war, the United States became absorbed with the reconstruction of Europe and the prevention of Soviet penetration in vulnerable areas, relegating the affairs of the American hemisphere to a low level of priority. The Latin American countries, which, like Brazil, had been hoping for American economic assistance after the war, resented this neglect and tried to draw the attention of the United States to their demands through the Pan-American Union and the Organisation of American States. Having failed to obtain satisfaction at the inter-American conferences held in Mexico City in 1945 and in Rio de Janeiro in 1947, they mounted a determined campaign to ensure that the Ninth International Conference of American States, due to be held in Bogotá in April-May 1948, should discuss economic matters. Their determination
was strengthened by the operation of the Marshall Plan, which was intended to assist the recovery of the war-shattered economies of Europe. The Marshall Plan both provided an enticing example of what the United States was capable and heightened their sense of grievance because of its potentially harmful effects on the Latin American economies.

Simonsen was particularly active in the discussions on this topic which went on in Brazil in 1947 and 1948. Indeed, Ferreira Lima thinks that he was offered a place in the Brazilian delegation to Bogotá but did not go because of his insistence on being appointed head of the delegation. 16

Simonsen analysed the economic repercussions of the Marshall Plan on Latin America in a report to the Executive Commission of the Inter-American Council on Trade and Production in October 1947, in which he discussed the programme drawn up by the Committee of European Economic Co-operation, outlining Europe's future economic structure and the supplies it needed from the United States, Canada and Latin America. He criticised the one-sidedness of the Marshall Plan and the Commission's programme, which aimed to re-establish Western Europe's standard of living and foreign purchasing power without considering their impact on the rest of the world. The Latin American countries were expected to be the main suppliers of food, fodder, fertilizers and timber, which meant a return to the conditions existing during the war. They would have to expand their extractive, agricultural and mining activities in order to supply their quotas of raw materials and semi-colonial products. The production of these articles in abnormal quantities would force them to transfer their workers to primary activities with low returns and subject to economic instability. Furthermore, the plan did not
foresee the maintenance of European imports of Latin American products at a stable level after 1951. Latin Americans knew from painful experience the serious harm which their economies would suffer with this transfer of the factors of production to activities without guarantees of productivity and with low economic returns. They might also be affected, according to the committee's forecast, by a severe reduction in the supply of production goods from the United States because Europe would certainly demand priority for its needs. Finally, while wearing out their economic equipment, the Latin Americans would also be exposed to the problems of inflation, deriving from artificial price increases, excessive exports of essential consumer goods and difficulties in financing their production and exports.

Simonsen went on to emphasize the low average standard of living in Latin America as compared with Europe and the United States, a situation which few people understood in those areas, and added that any loss of economic substance would increase the population's poverty. He suggested, therefore, that the continent's international trade should be developed on a triangular basis: Latin America would sell more to Europe than it could buy from it and would buy more from the United States than it could sell to them, so that, in effect, the Americans would finance Latin America's exports to Europe by allowing it to increase its purchases in their country. This would also prevent inflation. However, Latin America was in no condition to finance part of the reconstruction of Europe with its own resources. Only the regions where the average standard of living was equal to or above that of Europe could contribute to the re-equipment of Europe without an immediate counterbalance; even here the contribution should not be made on the same percentage basis as those of the United States and Canada.
but needed a regressive correction, based on national income and per capita foreign trade. The other regions, where the average standard of living was below that of Europe, could not give up any part of the purchasing power created by their production. Nevertheless, despite this pessimistic appraisal, Simonsen thought that Latin America could supply certain materials which would represent a decisive factor in reconstruction, even if, monetarily, they did not seem significant.

Simonsen ended by suggesting that the Latin American nations should try to organise a Commission on Economic Co-operation to study the means of creating effective co-operation between the American countries and of obtaining U.S. aid for their plans of economic development. In short, Latin America should try to have its legitimate aspirations included in the Marshall Plan so that the struggle for its development could be carried on simultaneously with European economic recovery.

In subsequent speeches and reports, Simonsen elaborated on these conclusions, pointing out the need to renew and extend the equipment worn out during the war, obtain loans from the International Bank for Reconstruction and Development and the Export-Import Bank and attract private U.S. investment, fight domestic inflation by eliminating budgetary deficits, create an inter-American body to monitor the real effects of the Marshall Plan on Latin America and draw up an "Economic Charter of the Americas". 18

"In this document, whose prime objective is to ensure suitable conditions for the development of Latin America, there should be provision for measures which will encourage the transfer of capital, facilitate the obtaining of production goods and supply extensive technical assistance so as to raise productivity and the standard of living of the peoples of the continent". 19

In another study, Simonsen suggested that the Conference of Bogotá should consider a Pan-American policy for Latin American development. 20
He began by criticising the desire of the Committee of European Economic Co-operation to restore the pre-war international economy, pointing out that the Latin American countries had been forced by the war to transform their economies and could not now be expected to return to a lower level of activity. Then, playing on American Cold War fears of communist subversion in Latin America, he stated that "no plan of defence for the American Continent can be dissociated from a plan of economic development". Furthermore, there could be no lasting equilibrium in international economic relations as long as there existed flagrant disparities between the levels of productivity in the different areas of the world, so "the development of the countries with incipient economies is a necessary counterpart to European reconstruction".

This plan of development had a two-fold aspect. On the one hand, it required renovation and extension, trying to take up the thread of development again in order to attain the standards which would have been reached but for the disturbances caused by the world conflict, and, on the other hand, there was development itself, in which an attempt would be made to accelerate the rate of capital formation, so as to achieve standards of living comparable to the average standards in the European countries. Simonsen went on to discuss both aspects of development in some detail. With regard to renovation and extension, the effect of the war on the Latin American economy had been to redistribute the factors of production through the intensification of industrial production, the expansion of strategic war products and the stagnation of agricultural production. It had also caused a deterioration of existing real capital. Thus the war had led both to an acceleration of change in the economic structure, which was losing its old, predominantly agricultural character, and a reduction in the rate of capital
formation, because the existing installations had been over-utilised and the importation of production goods had been reduced.

In the case of Brazil, real national income had increased over the period 1940-45 but per capita income had remained almost the same because of the growth of the population. Then, assuming an annual rate of capital formation of 5% and a 2% increase in population, Simonsen calculated the different rates of growth in real per capita income for the Brazilian economy over the period 1945-51, with and without a plan of renovation and expansion and with and without the aid to Europe which Latin America was expected to give under the Marshall Plan: 1) natural development, without aid to Europe: 3.9%; 2) development with a plan of renovation and extension but without aid to Europe: 4.7%; 3) natural development, with aid to Europe: 2%; 4) development, with a plan of renovation and extension and with aid to Europe: 3.2%. He concluded that, in any case, the effect of aid to Europe would be to diminish the rate of capital formation and the plan of renovation and extension, besides not rehabilitating the domestic economy, would be insufficient to cover that aid. Even in the best of the above patterns (no.2), the rate of growth of real income would not be sufficient to allow Brazilian standards of living to become comparable to average European standards, even in the space of 20 years. With the present rate of development of real per capita income, it would take 15-20 years to double the existing real income of 66 dollars, at 1940 prices, and even then, Brazil would only have reached the real per capita incomes of the poorest countries of Europe in 1940.

Turning to the problem of development itself, he stressed once again the extremely low standards of living in Brazil and the other Latin American countries, which he blamed on their low economic productivity. Then he emphasized the danger of these low levels to the
existing social order, since "the tactics of the communist parties [...] consist in exploiting and rationalising the resentments and wretchedness of the masses". Thus, in the event of an international conflict, it would be difficult to ensure a solid internal front. These internal dangers would be heightened if Latin America had to give aid to foreign countries at the expense of its already low standard of living.

Simonsen next rejected the idea that Latin America would necessarily benefit from an increase in exports caused by its participation in the Marshall Plan. Unless there were an increase in real capital, such exports would entail a reduction in productivity, with a consequent reduction in the rate of capital formation. The reason for this was two-fold: on the one hand, there would be a transfer of the factors of production from the sectors of greater productivity to the production of primary export articles and, on the other, a large part of these exports would have no counterpart in imports, thus causing internal shortages and a renewal of inflation. Simonsen, however, thought that "Latin America's capacity to export should be subordinated to its internal development", since "internal development should not depend mainly on the expansion of trade but, on the contrary, the latter should depend on the former". Hence, any increase in exports required a corresponding plan of development. Thus, in order to maintain the normal development of the Latin American economy on the basis of a 5% rate of capital formation, it would be necessary to compensate for the extra exports to Europe with equivalent imports of production goods and also some consumer goods, in order to prevent a drop in consumption. This would increase the productivity of the export sector and prevent inflationary pressures in the internal market.

Simonsen, therefore, requested foreign aid for Latin America to
help it restore its economy to peacetime conditions, maintain its rate of economic development and export its quota of supplies to Europe. The total amount needed for this would be 10,500 million dollars, of which 2,002 million would be destined for Brazil. The aid would be distributed in the following fashion:

<table>
<thead>
<tr>
<th>Latin America</th>
<th>Brazil</th>
</tr>
</thead>
<tbody>
<tr>
<td>(U.S. $ millions)</td>
<td></td>
</tr>
<tr>
<td>Total Plan</td>
<td>10,500</td>
</tr>
<tr>
<td>a) Plan of Renovation and Extension</td>
<td>2,220</td>
</tr>
<tr>
<td>i) Deterioration</td>
<td>(732)</td>
</tr>
<tr>
<td>ii) Accumulated Demand</td>
<td>(1,488)</td>
</tr>
<tr>
<td>b) Plan of Development</td>
<td>6,580</td>
</tr>
<tr>
<td>c) Plan for Increase of Exports</td>
<td>1,700</td>
</tr>
</tbody>
</table>

Thus, in this speech, Simonsen made Latin America's contribution to the Marshall Plan and European recovery contingent, for political and strategic reasons, on a plan and financial assistance to ensure its own continued development, and calculated the amounts which he thought would be necessary to carry out the various aspects of the plan.

Simonsen also suggested that the Bogotá Conference should summon an Inter-American Conference on Economic Co-operation, to be held in New York or Washington in May 1948 and proposed an agenda for discussion, which included both emergency and long-term measures. The emergency measures centred on the discussion and approval of an agreement on inter-American economic development during a period of 2 to 3 years, aiming to compensate for the retardation caused, directly or indirectly, by the war and the need to deliver supplies to Europe in support of the Marshall Plan. This agreement would help the defence of the continent by giving special emphasis to the development of sources of scarce strategic materials and their exportation.

The specific measures to be taken were: a) the programming of the efforts to be developed in each country; b) the mutual supply of foodstuffs, raw materials, fuel and equipment; c) mutual guarantee of the
means of transport necessary to provide these supplies; d) problems relating to inflation and a policy of controlling prices; e) financing for the countries which needed it; f) the creation in each country of bodies to carry out this inter-American agreement; g) co-ordination by the Inter-American Economic and Social Council of the efforts to be developed in each country; h) economic and financial studies, particularly in relation to the standard of living, national income and exchange rates; i) cooperation in international bodies in order to carry out this agreement; j) mobilisation of the means of production, including signing inter-governmental contracts for the purchase of foodstuffs and raw materials, aiming to stimulate their production by guaranteeing prices and markets for the producers; k) facilities for immigration.

The long-term measures included inter-American agreements on economic development over a longer period, aiming to endow all the countries of the continent with a more stable economy, with higher productivity and a better defence potential; facilities and guarantees for the investment of private capital; and the mutual concession of financial facilities by official financial institutions. Another measure proposed was the creation of an inter-American developmental organisation with financial resources composed of capital subscribed by the American States in proportion to their national income. This organisation was to be empowered to issue its bonds and those of third-parties, make direct loans, guarantee loans and acquire shares in the capital of companies for its own portfolio or for resale. Finally, Simonsen proposed inter-American agreements on: the encouragement of immigration; the collection of data and economic and statistical studies; tax discrimination and double taxation; the exchange of exports,
teachers, study scholarships, scientific information; protection for industrial property; a guarantee of effective equality in commercial treaties, taking into account the differences in the economic, social and institutional structures of the contracting countries; discrimination in the field of insurance, banking and transport and on the rates charged for these services; standardisation of industrial and transport equipment; facilities for commercial transit and the establishment of free ports; and, lastly, tourism.

In conclusion, Simonsen drew together all his ideas on Brazil's international economic relations in his last published work, a pamphlet entitled Direito Internacional Social. He condemned international economic agreements between highly developed and underdeveloped nations which were based on juridical equality, pointing out that the advantage in foreign trade accrued to the highly-industrialised countries with a high standard of living which exported manufactured goods in return for primary products from the underdeveloped nations. The terms of trade were unfavourable to the latter because the fluctuations in price levels affected primary products more severely than manufactured products. Furthermore, the prices of primary products were, in general, not influenced by the producing countries but were dictated by the manufacturing countries. As an example of the way underdeveloped countries were placed at a disadvantage by the advanced nations' insistence on equal treatment for all, he cited the International Charter on Trade and Employment, which had recently been drawn up in Havana; he demanded an effective equality for backward areas by giving them concrete opportunities to develop and to raise their standard of living, in compensation for the reduction of their tariff barriers.

For in reality, continued Simonsen, the development of the new areas
could only be achieved through two processes: either by adequate internal protection, which was a slower and, at the same time, more difficult process, or else by international co-operation which was a more efficient method because it did not entail a reduction in the level of internal consumption, it did not affect export industries and it contributed to the expansion of world trade. Finally, citing the examples of Lend-Lease and the Marshall Plan, he appealed for special consideration to be given to the poor countries, with the aim of achieving genuine international social justice and trying to diminish the ever-increasing inequality between the nations. A statute embodying this international social law would represent not only a policy of philanthropy but also good business as it would assure the economic equilibrium of the world and the well-being of the more powerful countries.

Thus, in the last years of his life, Roberto Simonsen became an exponent of the special position of underdeveloped countries and of the need for their economic development, based on financial and technical assistance from the advanced countries. Indeed, these ideas formed the import of the speech of welcome to the former Prime Minister of Belgium which Simonsen was reading in the Academia Brasileira de Letras on 25 May 1948 at the moment when he collapsed of a heart attack and died. 27

Little of what Simonsen had advocated was achieved at the Conference of Bogota. The Americans let it be known that they were not interested in giving inter-governmental aid to Latin America and preferred to encourage private investment. Although an Economic Agreement containing some of the provisions regarding foreign trade and the prices of primary products, which Simonsen and other Latin Americans had sought, was signed, it contained many reservations and was never ratified. The Truman administration eventually produced its Point IV programme for
underdeveloped countries but this was regarded in Latin America as merely part of an aggressive drive to foster private U.S. capital investment. 29

Meanwhile, the Brazilian government gradually overcame the aversion to planning which its association with the Estado Novo had inspired with the SALTE Plan of 1949 and Kubitschek's Programa de Metas. 30 Moreover, in the late 1950s, the Cold War began to move to the Western Hemisphere. Kubitschek took advantage of the furore created by the drubbing which Eisenhower's ill-starred Vice-President, Richard Nixon, received in Caracas in 1958 to propose a "Pan-American Operation" designed to revitalise the inter-American system through new measures of political and economic co-operation, and the Americans at last set up an Inter-American Development Bank. 31 The real catalyst, however, was the Cuban Revolution and the fear that it would spread communist subversion to the rest of the continent. To combat the economic and social conditions which it was believed favoured the spread of communist infiltration, the Alliance for Progress was established by the Charter of Punta del Este in August 1961. 32 Roberto Simonsen's "progressive conservative" ideas on the role of economic development found a brief echo in the liberal administration of John Kennedy. At the same time, events proved Simonsen to have been a shrewd judge of the realities of power when he tried to link his economic ideas inextricably to social conditions and present economic development as a means of combating communist and collectivist ideologies.
CONCLUSION.

In the last ten years of his life, Simonsen's ideas had advanced rapidly: starting as a proponent of the industrialisation of Brazil, he ended by advocating a broad policy of economic development based on massive American aid for the whole of Latin America. With his emphasis on economic problems and his expansionist outlook, he far outstripped Oliveira Viana, whose ideas were largely discredited with the demise of the Estado Novo. Nevertheless, the last word must go to Oliveira Viana, who outlived Simonsen by three years. A collection of his articles, published posthumously in 1952, may serve as a final comment both on his outlook and that of Simonsen.

In one of the articles, written in March 1939, Oliveira Viana derided the belief held by some textile manufacturers that the institution of a minimum wage would help solve the crisis of overproduction from which they were suffering. Instead, Viana said, they should have "set about coordinating, limiting and rationalising the productive capacity of each individual firm, so as to adjust the total mass of production to the consuming markets' capacity to absorb it". Thus, they should have formed a collective organisation - a cartel, a consortium or an entente, in which each individual would sacrifice himself for the general good of the category.

Oliveira Viana blamed this failure of the industrialists on their lack of associability, which he attributed to their having developed in a climate of prosperity created by an absence of competition (thanks to protectionism), maximum production and unlimited markets. Now, however, Brazil was passing into an economy of limited markets and instead of initiative, efficiency and productivity, they needed limitation,
control and coordination. Since the industrialists were unable to control and rationalise their activities themselves, the State would have to do it for them, compulsorily organising them so as to discipline production and educate the industrial elites in the habits of corporative co-operation and solidarity.

Such views only serve to show how amazingly out-of-touch with "national realities" Oliveira Viana had become by 1940. Nevertheless, he did realise that Brazil was a vast country with plenty of room for expansion, yet he could only conceive of the corporative regime as one of "control and limitation". Thus it could only be applied to the sectors of production which were in a state of crisis, such as export products (coffee) and certain manufactures (textiles). Elsewhere, and particularly in expanding the area of settlement, "we still need to cultivate the spirit of the bandeirantes". The March towards the West was only possible in a purely individualistic economy, beyond corporative control, and the only philosophy suitable for this was "the philosophy of free enterprise, complete individualism and complete freedom on the one hand and on the other, of individual property, unlimited production and maximum profit".

Thus, paradoxically, on the vital question of economic development, Oliveira Viana ended his days as a laisser-faire economic liberal. Yet in the article with which he closed the book, he revealed his sense of political realities, ending with an acute prophesy. Writing towards the end of the war, he warned his readers not to expect a return to liberal individualism with the victory of the democracies:

"There is nothing more mistaken than to suppose that the State will lose its influence, returning to its former role as a mere policeman and to the limitations on its interventionism which the old doctrinaires of the Liberal State fought for".

"... the State will lose its influence, returning to its former role as a mere policeman and to the limitations on its interventionism which the old doctrinaires of the Liberal State fought for".
The State would continue to play an interventionist role, although without the rigid methods of the totalitarian regimes and with greater participation by the masses and pressure groups. Consequently, despite their conflicting ideas on economic matters, Oliveira Viana and Roberto Simonsen were as one in their view of the new role which the State would play in the post-war world.
FOOTNOTES

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BIBLIOGRAPHY.
NOTE.

I have used the modern Brazilian Portuguese orthography except for the titles of publications and personal names. In the case of the latter, I have adopted the spelling which seems to me to be the most frequently used.

The English word 'state' is used in two senses in this thesis. In order to avoid possible confusion, I have written it with a capital S when it refers to the apparatus of government and with a small s when it refers to a territorial unit of the Brazilian federation; with titles, however, I have continued to use a capital S, e.g., the State of São Paulo.

FOOTNOTES.

PREFACE (PAGES iii-vii).


5. Letter to the author; I have not seen this work.


8. A recent anthology of Simonsen's writings edited by Dr. Edgard Carone does, however, have sections dealing with his ideas on the social question and his elitism: Roberto C. Simonsen, Evolução industrial do Brasil e outros estudos: seleção, notas e bibliografia de Edgard Carone, São Paulo, 1973. Excerpts from Simonsen's writings are also included in Oswaldo Benjamin de Azevedo, "Dia da Indústria - o patrono: Roberto Simonsen; a industrialização do Brasil após a II Grande Guerra", Conselho Técnico da Confederação Nacional do Comércio, Carta Mensal, XVII, 211, (October 1972) pp. 25-57.
FOOTNOTES TO PAGES 1-8.

9. The following abbreviations will be used for archive material: Oliveira Viana Archive - OVA; Presidential Papers - PR; Conselho Federal do Comércio Exterior - CPCE/XIII PR; Foreign Office Correspondance - FO. Regrettably, I was unable to gain access to Roberto Simonsen's archive, which formerly existed in São Paulo.

INTRODUCTION (PAGES 1-25).


5. The classic description of Brazil's patriarchal society is Gilberto Freyre, The masters and the slaves (Casa-grande & senzala); a study in the development of Brazilian civilization, New York, 1970. Developments in the nineteenth century are described in Richard Graham, Britain and the onset of modernization in Brazil, 1850-1914, Cambridge, 1968, while a lively picture of the situation in the southern states in the early twentieth century emerges from Pierre Denis, Brazil, London, 1911.


8. Quoted in Vitor Nunes Leal, Coronelismo, enxada e voto, Rio de Janeiro, 1946, pp. 23-24, 200. The characteristics of Brazilian local politics are described in: Ralph
Della Cava, Miracle at Joaseiro, New York, 1970;


15. Karl Loewenstein, Brazil under Vargas, New York, 1942.


FOOTNOTES TO PAGES 18-25.

18. The most comprehensive biography of Torres is Barbosa Lima Sobrinho, Presença de Alberto Torres; sua vida e pensamento, Rio de Janeiro, 1968.

19. Alberto Torres, O problema nacional brasileiro, Rio de Janeiro, 1914; Torres, A organização nacional. Primeira parte: a Constituição, Rio de Janeiro, 1914. Second editions of both works were published by the Brasiliana collection in 1933. The following quotations are taken from the 1933 edition of O problema nacional brasileiro and from the 1914 edition of A organização nacional.

20. Torres, Problema nacional brasileiro, p. 87.

21. Ibid., p. 88.

22. Ibid., p. 89.

23. Torres, Organização nacional, p. 16.

24. Ibid., pp. 271-73.

25. Ibid., pp. 315-382.


27. Ibid., p. 203.

28. Torres, Organização nacional, p. 211.


31. À margem da história da República; ideias, crenças e afirmações. Inquerito por escritores da geração nascida com a República, Rio de Janeiro, 1924.

32. The word is derived from the title of Affonso Celso's bombastic Porque me ufano do meu paiz, 7a. ed., Rio de Janeiro, 1922?

33. Paulo Prado, Retrato do Brasil; ensaio sobre a tristeza brasileira, 5a. ed., São Paulo, 1944, p. 11. See also Ronald de Carvalho, Estudos brasileiros, Rio de Janeiro, 1930-31 (3 vols.).


NOTE. Most of Oliveira Viana's works ran into several editions, sometimes being republished unaltered and at other times appearing with new chapters, articles or introductions added. In order to avoid possible confusion, I have included the year of publication after each reference to works with more than one edition. With works which consist of collections of articles (mostly those whose titles begin Problemas de ...), I have also given the title of the article to aid identification. The Oliveira Viana Archive was in the process of being reorganised when I consulted it and some of the numbers may since have changed. I have tried to give as precise indications to archive material as possible.

1. Biographical details are taken from Vasconcelos Torres, Oliveira Viana: sua vida e sua posição nos estudos brasileiros de sociologia, Rio de Janeiro, 1956.

2. Viana later recalled how, in his youth, men used to come from the coffee estates of Minas Gerais to recruit workers from the ruined areas of the State of Rio de Janeiro, which he described as "formerly so opulent and today so corrupted and impoverished": Francisco José de Oliveira Viana, "Minas do lume e do pão", Pequenos estudos de psicologia social, 3a. ed., São Paulo, 1942, pp. 31-32.

3. Viana, Populações meridionais do Brasil; história, organização, psicologia. Vol. 1. Populações rurais do centro-sul: paulistas, fluminenses, mineiros, São Paulo, 1920. Unchanged editions were subsequently published in São Paulo in 1922, 1933 and 1938, and in Rio de Janeiro in 1952 and 1973. All references and quotations are from the edition published by the Companhia Editora Nacional in São Paulo as part of the Brasiliana collection in 1933. Originally, Viana planned subsequent volumes on the populations of the North and the South but, in the end, only Volume 2, dealing with the people of Rio Grande do Sul, was published; this appeared posthumously in 1952. Consequently, when people refer to Populações meridionais, they mean Volume 1.


5. Viana, Populações meridionais, 1933, pp. x-xi, xxiv-xxv.


10. The articles are in the Oliveira Viana Archive. Some of them were later published in his collections of articles entitled *Pequenos estudos de psicologia social* and *Raça e assimilação*.


20. Viana, "O problema do valor mental do negro", *Raça e assimilação*, 4a. ed., Rio de Janeiro, 1959, pp. 206, 195-96; the article was written in 1932 or 1933.


22. Ibid., p. 137.


25. Ibid., p. 159.


27. Pierson, *Negroes in Brazil*, p. 229. Oliveira Viana felt great enmity towards Gilberto Freyre, whom he accused of distorting his ideas on race. In a letter addressed to "Meu caro editor", he objected angrily to Freyre's claim that he imagined that Brazil had been entirely colonised by dolichocephalics. He went on: "This is a positive act of critical dishonesty; an author who was conscious of his intellectual dignity and respectful towards the good faith of others would never have committed it. //If, when citing a modern writer whose work is widely read in his country, the author does not scruple to falsify the truth, tendentiously distorting his thinking and clearly developed ideas, what will he not have done with the other authors cited, especially the old chroniclers on whom he relies."

Undated letter, OVA, 1023.33. For Freyre's side, see Gilberto Freyre, "Um mestre", *O Jornal*, 31 May 1951.

28. A similar conclusion, based on James Lauer's research, is reached by Thomas E. Skidmore, *Black into white;
race and nationality in Brazilian thought, New York, 1974, pp. 200-03, 277-79.

29. Ministério do Trabalho, Indústria e Comércio, Anteprojeto de lei de imigração, Rio de Janeiro, 1936. Viana's exposição de motivos, dated 28 October 1935, is on pp. v-xxii. Viana openly admitted his intention to defraud the nationalist restrictions on immigration contained in the Constitution of 1934 because this "would benefit the immigrants who come from the old world of Europe, the colonists of Aryan origin, to whom we owe our civilisation. In my opinion, these colonists should be allowed in without restriction, in torrents, while we should merely take care to distribute and assimilate them", ibid., p. xv.


39. Quoted in Costa, History of ideas in Brazil, p. 268. An example of Viana's influence can be seen in a speech made by a São Paulo state deputy, Hilario Freire, who cited Populações meridionais and followed Viana's interpretation of Brazilian social history. In the introduction to his speech, Freire said: "The first person who managed to form [...] a clear picture of our historical landscape was Oliveira Viana. Hence the capital importance of his work and the growing influence which it is exercising on the Brazilian mentality. The chaos has been cleared up, we have learnt the laws of our formation and today we can understand everything clearly", Hilario Freire, A formação das cidades, Separata da Revista do Brasil, n.d., pp. 220-26; the quotation is on p. 220.

40. Viana, "Minas do lume e do pão" and "Minas da tradição e Minas do progresso", Pequenos estudos de psicologia social, 1942, pp. 30-53, 54-70; the quotation is on pp. 56-57.
FOOTNOTES TO PAGES 41-45.


CHAPTER 2 (PAGES 43-57).


2. For a detailed study of the growing disaffection with the Old Republic and of the various groups of protesters during the 1920s, see Ilan Rachum, Nationalism and revolution in Brazil, 1922-1930, Columbia University Ph.D. thesis, 1970.


4. In a letter to President Artur Bernardes written in August 1924, shortly after the bloody tenente revolt in São Paulo, a group of paulista intellectuals advocated introducing the secret vote on the grounds that it would eliminate bribery and corruption; consequently, the uneducated masses of the rural interior would no longer have any interest in voting and so the government would be chosen solely by the cultured elites of the cities. Among the signatures were those of Monteiro Lobato, Plínio Barreto, Prudente de Morães Neto and Paulo Nogueira Filho. The letter is reproduced in Edgard Carone, ed., A Primeira República, 2a. ed., São Paulo, 1973, pp. 128-34.


6. Viana, O idealismo na evolução política do Império e da República, São Paulo, 1922; this essay was subsequently republished as "O primado do Poder Moderador", O idealismo da Constituição, 2a. ed., São Paulo, 1939, pp. 7-72.


9. Oliveira Viana gave an amusing, if somewhat idealised, example of this contrast when he recounted the story of the English landowner whose farm workers told him that they were willing to vote for him, provided that he did not support protectionism. Viana noted admiringly: "These peasants, poor labourers and rough ploughmen, manage to do this surprising thing: to have fixed ideas and "firm convictions" on questions of protectionism, free trade, etc. - something which does not occur to many deputies and senators in Brazil. And to maintain them and affirm them in the electoral arena against their own natural leaders - something else which does not occur to many deputies and senators in Brazil", Viana, "Orientação pragmática das campanhas democráticas", Problemas de política objectiva, 1930, pp. 134-35. See also "O segredo da opinião inglesa" and "Opinião e governo", ibid., pp. 73-90.


11. Viana, Populações meridionais; this book is full of praise for the great rural estates.


13. Viana, "O papel dos governos fortes no regime presidencial", Pequenos estudos de psicologia social, 1942, pp. 124-30; the quotation is on p. 125.


15. Ibid., p. 368.


18. Viana, "O problema da liberdade civil e a organização da justiça", ibid., pp. 79-86; the quotation is on p. 79.


23. Viana, "Organisacao democratica das classes economicas", Idealismo da Constituicao, 1927, p. 117; "O nosso problema politico", Correio da Manha, 18 April 1926. This article brought forth a rebuke from a liberal who claimed that the problems of democracy did not derive from the people's incapacity to govern itself but from those who tried to usurp popular rights and substitute themselves for the people: Antonio Leao Velloso, "Antiliberalismo", Correio da Manha, 21 April 1926. Oliveira Viana retorted that the transformation of Brazil from an oligarchic regime into a democratic one required social rather than political reforms, for example, increasing the density of population; this would be a form of indirect attack on the oligarchies, which Viana would support: Viana, "Ainda o problema politico", Correio da Manha, 25 April 1926.

24. Viana, "O conceito pragmatico da liberdade politica", Problemas de politica objectiva, 1930, pp. 69-75; the quotation is on p. 75.


26. Santiago Dantas to Viana, 1 June 1931, OVA, 154.1; Alceu Amoroso Lima to Viana, 18 October 1932, OVA, 60.2.

27. Plinio Salgado to Viana, 2 June 1932, OVA, 85.2. There is no record of Viana's reply, although he had given a favourable reception to a manifesto written the previous year by Salgado: "A Legiao Revolucionaria de S. Paulo. O manifesto é apreciado pelo Senhor Oliveira Viana", O Estado de S. Paulo, 12 March 1931, p. 8. Salgado and Viana had corresponded in the 1920s about the former's literary activities: Salgado to Viana, 10 October 1926, OVA, 85.1. Salgado numbered Viana amongst the Brazilian writers who had exercised an intellectual influence on him: Salgado, Literatura e politica, Sao Paulo, 1927, p. xi, and Despertemos a Nacao, Rio de Janeiro, 1935, pp. 12-13, cited in Helgio Trindade, Integralismo; o fascismo brasileiro na década de 30, Sao Paulo, 1974, pp. 61, 55. There is no evidence that Oliveira Viana was involved in the Integralista movement, although its newspaper published an interview with him: Manoel Osorio, "Uma tarde com Oliveira Viana", A Offensiva, 18 December 1936.

29. Menna Barreto to Viana, 28 June 1931, OVA, 22.1; Viana was appointed on 28 December 1931.

30. The document appointing Viana to the Ministry of Labour was dated 19 March 1932 and was signed by the interim Minister of Labour, Afranio de Mello Franco. The original is in the Oliveira Viana Archive.

31. See José Affonso Mendonça de Azevedo, Elaborando a Constituição Nacional, Belo Horizonte, 1933.


33. The tenente programme of February 1932 attributed the bankruptcy of the republican regime to the lack of culture of the people and to the divorce between the 1891 Constitution and Brazilian reality, which had allowed a group of bad Brazilians to seize control of the country: Anais da Assembleia Nacional Constituinte (hereafter referred to as Anais da A.N.C.), III, p. 185. For tenente ideas on Brazil’s problems and their solution, see the "Esboço do Programa Revolucionario" drawn up by a committee composed of Stenio Caio de Albuquerque Lima, Augusto do Amaral Peixoto Junior, Waldemar Falcão and Abelardo Marinho in February 1932, and the principles adopted by the National Convention of the Club Três de Outubro, meeting from 5 to 9 July 1932, printed in Anais da A.N.C., III, pp. 185-245; the letter sent by Capt. Frederico Christiano Buys to Getúlio Vargas on 13 September 1930, printed in Anais da A.N.C., IX, pp. 321-22; the May manifesto of Luís Carlos Prestes and the reply of Juarez Távora, printed in Paulo Nogueira Filho, Partido Democrático e a Revolução de 1930, vol. 2, pp. 710-15; "O Manifesto da Legião Revolucionaria de S. Paulo", Jornal do Brasil, 5 March 1931, pp. 6, 10; "Princípios básicos do tenentismo", Hélio Silva, 1933, A crise do tenentismo, Rio de Janeiro, 1968, pp. 284-87; documents relating to tenentismo reproduced in Edgard Carone, A Segunda República, 1930-1937, São Paulo, 1973, pp. 243-77. Like Alberto Torres, the tenentes saw political and administrative reform as a precondition for economic development. This is clearly seen in a speech delivered to the Constituent Assembly by Juarez Távora, a leading tenente, on the subject of technical councils. Távora advocated the creation of a Federal Council which would "carry out the extremely important task of coordinating and disciplining the administrative activity of the country, because we, who are a poor country, especially need an organisation which [...] can guarantee, in a continuous fashion within the administrative mechanism of the country, the regular application of the few resources which we really possess to the work of national greatness", Juarez Távora, speech of 2 April 1934, Anais da A.N.C., XIII, p. 29. In March 1932, Vargas caught the mood of the tenentes (at the very moment when he was abandoning them!) when he told their representa-

34. Virgílio Santa Rosa, A desordem: ensaio de interpretação do momento, Rio de Janeiro, 1932, pp. 49-50, 106-11, 166-68, 181-89. With regard to his intellectual mentors, Santa Rosa noted: "Alberto Torres wrote his long works, full of profound observations to be studied and meditated upon by our elites and around his concepts, rich in truths, there swarms a pleiad of brilliant disciples. Amongst them, the figure of greatest intellectual stature is the stupendous mind of Oliveira Vieanna, examining our historical formation in the light of modern sociological methods and surprising the nation with the scientific rigour of his conclusions", ibid., pp. 69-70.


CHAPTER 3 (PAGES 58-71).

1. The programme was drawn up in 1932 following a request by the tenente leader, Juarez Távora, made indirectly through a mutual friend, Alcides Gentil. It was printed in the 2nd edition of Problemas de política objectiva, 1947, pp. 275-99; see also Oliveira Viana, "Programa de revisão da Constituição Federal de 1891", Problemas de política objectiva, 3a. ed., Rio de Janeiro, 1974, pp. 179-94. The original is in the Oliveira Viana Archive, OVA 1116. There is also a blue carbon copy of a similar programme entitled "O Partido Nacionalista e o seu programa de revisão" with the following note typed on the front: "I imagined a group of Brazilians, animated with the desire to give Brazil a political organisation on a level with its great destinies, meeting as a party with the purpose of reforming the present Constitution. I gave this
party the name Partido Nacionalista. And for it I wrote the following programme. The programme is virtually the same as the one printed in Problemas de política objectiva, except that it has the words "O Partido Nacionalista" instead of the first person. There is no indication as to when it was written, but it would appear to be after the reform of the Constitution carried out in 1926; OVA, 1119.

2. The original is a blue typewritten carbon copy in the Oliveira Viana Archive, OVA, 1120. It bears Oliveira Viana's signature and has corrections in his hand. The programme would seem to be a response to a request by João Daudt d'Oliveira for Viana's ideas about the Economist Party, letter to Viana, 23 June 1932, OVA, 25.1. The programme does not appear in Viana's published works.


4. This suggestion was clearly influenced by Alberto Torres's proposed National Council. However, Viana's proposal had much narrower, purely political functions, thus illustrating the difference in outlook between the two men. See Alberto Torres, A organização nacional, Rio de Janeiro, 1914, pp. 360-64. A Supreme Council with functions roughly similar to those proposed by Oliveira Viana was included in the Itamarati draft constitution, arts. 67, 68 and 69.

5. There is a small omission in the printed versions of the programme (Problemas de política objectiva, 1947 ed., p. 283; 1974 ed., p. 184). There should be a paragraph b between paragraphs a) and b) which reads: "b) um controle de admonição e crítica, como órgão obrigatorio de consulta das propostas orçamentarias federaes e estaduais antes de serem apresentadas, respectivamente, á Camara Federal e ás Assembleas Estaduais."


7. As regards the latifundio, the Economist Party's programme said: "The Economist Party recognises that the problem of the great landed estate, especially the latifundio, does not and cannot have the importance and significance in Brazil which it has in over-populated countries, where the land is all taken and the rising generations do not have, so to speak, any soil where they can live. Here, the latifundio, when it exists, is the consequence not of an odious privilege which harms the needy masses, but of an act resulting from the demographic conditions of the country, given its relatively insignificant population in the face of the vastness of the unpopulated land; here, the owner of the latifundio wants settlers, or colonos, instead of driving them away. // Recognising that Brazil has evolved and progressed in the shadow of the great organisations of the latifundio, with which the classes which work the land have built and continue to build our rural
wealth, the Economist Party thinks that, if there have been any possible drawbacks in our latifundio organisations, they have always been eliminated by the law of partition of inheritances, which has been breaking up our great landed estates since the beginning of our history. The Economist Party, trusting in the disintegrating action exercised by our system of succession, prefers to allow the landed estate in our country to continue its historic evolution, without violent modification. However, the programme would allow the government to divide up public lands and distribute them to Brazilian or foreign colonists; to expropriate and distribute uncultivated land bordering railways and rivers; and to expropriate other great latifundios whenever it seemed better to work them as smallholdings.

8. Viana's suggestions are printed in the minutes of the Itamarati commission: José Affonso Mendonça de Azevedo, Elaborando a Constituição Nacional, Belo Horizonte, 1933, pp. 286-91, 341-45, 461-63, 611-12. They are reprinted in the 2nd edition of O idealismo da Constituição, São Paulo, 1939. There are also a number of amendments on loose sheets of paper in his archive, OVA, 1076.


10. Viana, "O Presidente da Republica e o seu corpo eleitoral", ibid., pp. 251-57; the quotation is on p. 252.


17. Viana, "O sentido nacionalista da obra de Alberto Torres", ibid., pp. 223-45; the quotation is on pp. 237-38. Only occasionally did Oliveira Viana show an interest in economic matters, for example, in the paper which he sent to a congress of coffee producers in São Paulo in October 1927, applauding the coffee support scheme and suggesting ways of making credit available to coffee growers: Viana, O credito sobre o café. Congresso do Café, Theses, Separata, Rio de Janeiro, 1927. Viana was also quite aware that the prosperity and progress which he saw in Minas Gerais was the result of the coffee

18. Class or vocational representation (representação profissional) was a form of political organisation in which representatives elected by employers and workers through their sindicatos took their place in political assemblies alongside deputies elected in the traditional way by universal suffrage on a geographical basis. A demand for class representation figured prominently in the tenente programme drawn up in February 1932 and approved by the National Convention of the Club Três de Outubro in July of that year: Anais da A.N.C., III, pp. 185-245. The Itamarati commission rejected the idea by a narrow majority and so it did not appear in the draft constitution presented to the Constituent Assembly in 1933: Azevedo, Elaborando a Constituição Nacional, pp. 324-29, 338-55. However, before the Constituent Assembly met, the tenentistas persuaded Vargas to allow 40 of its members to be elected by the sindicatos: Decreto 22,653 of 20 April 1933; Decreto 22,696 of 11 May 1933. In the Constituent Assembly, the fight for class representation was led by Abelardo Marinho, a tenentista who had been elected as a representative of the liberal professions. Marinho produced an elaborate plan by which two-thirds of the future National Assembly would be elected through a proportional system and indirect suffrage, while the other third would be elected indirectly in successive stages by the legally recognised associations of workers and employers. In justifying his proposals, Marinho argued that the class representatives would be more aware of the general interests of the Nation than were the regional groups and political factions, while, at the local level, they would counteract the influence of the coronéis and cabos eleitorais (local political bigwigs). The tenentes' proposals thus represented a direct attack on the political system of the Old Republic but they also revealed a certain elitism in their attempts to impose a restricted, indirect suffrage: Abelardo Marinho, amendments 1187 and 1168, Anais da A.N.C., III, pp. 342-43, 344-51. Other groups in the Constituent Assembly also proposed various forms of class representation, notably the workers' representatives: speeches by Antonio Rodrigues de Sousa, João Vitaca, Alberto Surek, and Sebastião de Oliveira, Anais da A.N.C., V, pp. 300-06; VII, pp. 481-86; XIII, pp. 47-59, 241; the civil servants' representatives: amendments 1208 and 1209, Anais da A.N.C., III, pp. 370-75; the employers' representatives led by Euvaldo Lodi: amendment 843, Anais da A.N.C., III, pp. 309-10; and the Catholics, who proposed that the legislative assembly should be split into a political chamber and a corporative chamber: amendment 106, Anais da A.N.C., III, pp. 263-64. Opposition to class representation came from traditional
Footnotes to pages 68-72.

Politicians such as Odilon Braga and from the paulista group, whose spokesman was Ranulpho Pinheiro Lima, a representative of the liberal professions: Anais da A.N.C., X, pp. 282-300; XIII, pp. 205-19. See also Paim Vieira, Organização profissional (corporativismo) e representação de classes, São Paulo, 1933, and G. de Almeida Moura, A representação profissional. Dissertação, São Paulo, 1937.

21. These articles formed the main body of Viana's Problemas de direito corporativo, Rio de Janeiro, 1938.
23. Ibid., p. 124.
24. Ibid., pp. 171-73.
25. Ibid., pp. 175-77.
27. "O que pensa Oliveira Viana sobre a ordem no 'Post-Bellum'", Revista da Semana, November 1942.
28. Published in A Manhã during 1943; they are on file in the Oliveira Viana Archive.

Chapter 4 (Pages 72-87).

ismo no Brasil, São Paulo, 1966; Azis Simão, Sindicato e estado; suas relações na formação do proletariado de São Paulo, São Paulo, 1966.


3. For details and statistics on strikes in the State of São Paulo, see Simão, Sindicato e estado, pp. 99-158.


7. Pereira, Formação do PCB, pp. 75-84.


9. Maurício de Lacerda describes his attempts to have some labour legislation passed during the 1910s in Lacerda, Evolução legislativa do direito social brasileiro.

10. Rui Barbosa, A questão social e política no Brasil, Rio de Janeiro, 1958, pp. 40-75; this is a speech which Rui made in March 1919.


13. Nogueira Filho, Partido Democratico e a Revolução de 1930, vol. 2, pp. 642, 650. Letter from Capt. Frederico Christiano Buys to Getúlio Vargas, 13 September 1930 showing "the way the absolute majority of comrades previously obedient to the political guidance of General Luiz Carlos Prestes regard the social question and the May manifesto". The letter suggested that the problem of the urban proletariat should be solved by a policy of encouraging workers' housing and social assistance, combatting gambling and drunkenness, stimulating the foundation and spread of associations.
and sindicatos, recognising sindicatos juridically and submitting them to the control of the State, accepting the juridical validity of collective labour contracts and establishing a compulsory labour magistracy. The letter was read out by the tenentista leader, Abelardo Marinho, in the Constituent Assembly in 1934: Anais da A.N.C., IX, pp. 321-22. Evaristo de Moraes became the first Juridical Consultant of the M.T.I.C. Lacerda seems to have been considered for the post of Minister, but in the end it went to Collor: Lacerda, Evolução legislativa do direito social brasileiro, p. 299; see also his contemporary account of his activities during this period: Lacerda, Segunda república, 3a. ed., Rio de Janeiro, 1931.

14. Agricultural workers were excluded from the provisions of most of the labour legislation.


23. The liberal O Estado de S. Paulo was quite clear on this point. In an editorial, it welcomed the law regulating the formation of sindicatos as "a powerful instrument with which to combat the madness of communism", 29 March 1931, p. 3. Of the Provisional Government's general policy of social legislation, it said: "Workmen who receive from the government the services which these words promise will have no motive for complaints or agitation. [...] This policy is correct since we shall upgrade our manpower and, at the same time, remove from our working class problem the international element, especially the Russian communist element, which is a harmful element." 27 January 1931, p. 3.

24. Industrial production was stagnant and even declined in some sectors during the period 1929-32: Annibal Villanova Villela & Wilson Suzigan, Política do gov-
erno e crescimento da economia brasileira, 1889-1945, Rio de Janeiro, 1973, pp. 211, 362-65. The British consul in São Paulo reported in November 1930 that some of the factories there were only working a 24 hour week: Abbott, São Paulo, to Seeds, 18 November 1930, FO 371 14203 p. 234.


26. Preamble to Decreto 19,482; Collor, interview with O Estado de S. Paulo, 29 January 1931, p. 4.


29. Collor, exposição de motivos, dated 6 March 1931, attached to the draft law regulating syndical associations; the original is in Vargas's presidential papers, PR lata (box) 2, pasta (file) 4; it is printed in full in W. Niemeyer, Movimento syndicalista no Brasil, Rio de Janeiro, 1933, pp. 93-103.


31. The number of decrees on social legislation was enormous, not least because they suffered constant alterations and postponements. A complete list of the labour laws passed up to 1940, together with a subject index, is "Elenco geral da legislação social brasileira", Legislação do Trabalho, (December 1940) pp. 466-99, and (February 1941) pp. 64-71. The texts of the laws are in the Coleção das Leis do Brasil.

32. There were five Ministers of Labour during the Vargas regime: Lindolfo Boekel Collor (November 1930-March 1932); Joaquim Pedro Salgado Filho (April 1932-July 1934); Agamenmon Sérgio de Godoy Magalhães (July 1934-November 1937); Waldemar Cromwell do Rego Palaço (November 1937-June 1941); Alexandre Marcondes Filho (December 1941-October 1945). Collor was a gaucho of German descent who, it seems, graduated as a pharmacist; his main activities were as a politician and a journalist. He was one of Vargas's principal aides in organising the Aliança Liberal and the Revolution of 1930. Lawyers who found jobs in the M.T.I.C. included Joaquim Pimenta and also Oliveira Viana, who was by no means a rich man, as his house in Niterói reveals.
33. Roberto Simonsen, Brazil's industrial evolution, São Paulo, 1939, p. 58; Simonsen, F.I.E.S.P., Relatório 1939, p. 70.


37. "O pedido de aumento de salários dos empregados da Leopoldina", Jornal do Brasil, 6 April 1934, p. 8; 7 April 1934, p. 7; 8 April 1934, p. 9; 10 April 1934, p. 13; 11 April 1934, p. 13. Documents setting out the workers' case were sent to Vargas and are in PR box 7, file 1, folder 36 (Leopoldina Railway - empregados).

38. "A paralização do trabalho dos marítimos", Jornal do Brasil, 7 April 1934, pp. 7-8; 8 April 1934, p. 6. The background to this strike is described in Ana Maria dos Santos, Sindicalização e política trabalhista: os sindicatos marítimos no quadro da política trabalhista em 1934, unpublished seminar paper for the Centro de História Contemporânea, Rio de Janeiro, 1974.


41. Oliveira Viana, legal opinion (parecer) on a draft law for the regulation of labour in ports, no. 5973-933, p. 2. OVA, 5135 (Pareceres de 1933).


43. Decreto 19,739 of 7 March 1931.
FOOTNOTES TO PAGES 85-92.

44. O Estado de S. Paulo, 11 March 1931, p. 1; 12 March 1931, p. 3.

45. M.T.I.C., O Ministério do Trabalho no Governo Provisório. Exposição do Ministro Salgado Filho, 1932-33, Rio de Janeiro, 1933, p. 45. The decree was issued by his predecessor, Lindolfo Collor.


47. Vargas to Aranha, 14 December 1935, printed in Hélio Silva, 1937. Todos os golpes se parecem, Rio de Janeiro, 1970, p. 105. The British Ambassador was also impressed by the lack of reaction from labour: Gurney to Hoare, 9 December 1935, FO 371 18649, p. 486.


49. Unsigned exposição de motivos in M.T.I.C., Projecto de organização da Justiça do Trabalho, Rio de Janeiro, 1936, p. ix. Although Oliveira Viana was responsible for drawing up this draft law, the exposição de motivos does not appear to be his work.

CHAPTER 5 (PAGES 88-114).


2. Ibid., p. 53.


4. Lima, Mauá e Roberto Simonsen, p. 54.

5. Pelagio Lobo, "Roberto Simonsen: uma vocação para o serviço de interesse público...", Correio Paulistano, 6 June 1948.


10. Simonsen, "Pela organização da produção", Trabalho moderno, pp. 15-29; Simonsen, "Paz, cultura, pro-


13. Arno Pearse, Brazilian cotton, Manchester, 1922.


15. Excerpts from the relatórios are reprinted in Trabalho moderno and À margem da profissão, pp. 37-44; the relatórios themselves were not available to me.

16. Lima, Mauá e Roberto Simonsen, pp. 56-57; Simonsen, Trabalho moderno, pp. 33-44.


20. Ibid., pp. 33-44.


22. Ibid., p. 38.


24. British Chamber of Commerce of São Paulo and Southern Brazil, Personalidades no Brasil; men of affairs in Brazil, São Paulo, 1933, p. 690.

25. Details of Murray, Simonsen & Co.'s dealings with Lazard Brothers are contained in the Foreign Office records, since Lazard requested diplomatic help in 1930 and 1933 to counter attacks being made on them and their Brazilian partners: see the correspondence in FO 371 14206, pp. 161-73; 16552, pp. 47-202. Roberto Simonsen was a junior partner and it is not clear to what extent he was directly involved in the running of the firm.


27. Simonsen, Orientação industrial brasileira, São Paulo, 1928.

28. Ibid., p. 21.

29. "As indústrias e o augmento da proteção alfandegária; Diário Nacional, 6 June 1928, p. 3.


31. Simonsen, Crises, finances and industry, São Paulo, 1931, pp. 96-97.

32. Simonsen, Orientação industrial brasileira, p. 16.

33. Ibid., pp. 16-17.

34. Ibid., p. 17.
35. This speech, together with another which he made in October 1930, were translated into English under the title Crises, finances and industry. I have used this translation for the quotations, although with some modifications to make them conform more to modern English usage.

36. Ibid., p. 66.
37. Ibid., p. 66.
38. Ibid., pp. 67-68.
39. Ibid., p. 76.
40. Ibid., pp. 82-83.
41. Ibid., p. 86.
42. Ibid., p. 86.
43. Ibid., p. 87.
44. Ibid., p. 98.
45. Simonsen, speech to the National Constituent Assembly, 30 January 1934, Anais da A.N.C., VII, pp. 85-93, 115-36. The speech was also printed separately as Simonsen, Ordem econômica e padrão de vida, São Paulo, 1934.

46. Amendment no. 740 to article 113 of the draft constitution, signed by Simonsen and the paulista delegation, read: "The economic order should be organised according to the principles of justice and the necessities of national life, aiming at the establishment throughout the country of a standard of living compatible with the dignity of man. Within these limits, economic freedom is guaranteed", Anais da A.N.C., IV, p. 160.

48. Ibid., p. 90.
49. Ibid., p. 128.

50. This reasoning is similar to that of Henry Ford, who wrote: "No division of property can be of the slightest help, because there is not enough property to divide. Salvation has to come through the production of more property, but that production also will be ineffective and merely make for turmoil unless with it is raised the power of consumption." Ford, Today and tomorrow, pp. 256-57. Simonsen was able to give his argument even greater force by stressing the poverty of Brazil compared with the advanced countries.

53. Simonsen, Crises, finances and industry, pp. 5-7; Simonsen, Aos industriários de S. Paulo, São Paulo, 1945, pp. 7-8.
54. Simonsen, Crises, finances and industry, pp. 55, 82.
FOOTNOTES TO PAGES 106-10.


56. Ibid., p. 91.


59. Simonsen, Orientação industrial brasileira, pp. 16-17; Simonsen, "Jornada da habitação econômica", Ensaio sociais, políticos e econômicos, p. 212.

60. Simonsen, Ensaio sociais, políticos e econômicos, p. 224.


62. Simonsen, "Níveis de vida e a economia nacional", Ensaio sociais, políticos e econômicos, p. 171.

63. Simonsen, Rumo à verdade; sociologia, política, economia, São Paulo, 1933, pp. 11-12.

64. Ibid., p. 35.

65. The background to the foundation of the Escola Livre and the rivalry between its conservative sponsors and the radical young intellectuals and educators who helped found the Faculdade de Filosofia, Ciências e Letras da Universidade de São Paulo is analysed in Charles O'Neil, "Educational innovation and politics in São Paulo, 1933-34", Luso-Brazilian Review, VIII, 1, (June 1971) pp. 56-68.


67. Simonsen, Rumo à verdade, pp. 26, 42.


70. Simonsen, Rumo à verdade, p. 42.

71. Ibid., p. 43.


73. Simonsen, As classes produtoras do Brasil e o Partido Comunista, Rio de Janeiro, 1947, pp. 5-6.

74. Ibid., p. 6.

75. Simonsen, Crises, finances and industry, p. 98.

76. Ibid., p. 6.

77. Simonsen, Trabalho moderno, p. 40

78. Simonsen, Crises, finances and industry, p. 98.

79. Simonsen, Brazil's industrial evolution, São Paulo,
FOOTNOTES TO PAGES 111-15.

1939, pp. 56-58.
80. Simonsen, F.I.E.S.P., Relatório 1939, p. 70.
82. Simonsen, Aos industriários de S. Paulo, p. 1.
83. Simonsen, "Serviço Social da Indústria", Problema social no Brasil, p. 3.
84. Ibid., p. 4.
86. Ibid., pp. 14-15.
87. Ibid., p. 15.
88. Simonsen, Classes produtoras e o Partido Comunista, p. 5.
89. Simonsen, Rumo à verdade, p. 7.
90. Ibid., p. 34.
93. Simonsen, Ensaio social, políticos e econômicos, p. 169.

CHAPTER 6 (PAGES 115-42).

1. There were few economists in Brazil in the 1930s and these were concerned primarily with finance or with pure economic theory; see L. Nogueira de Paula, Síntese da evolução do pensamento econômico no Brasil, Rio de Janeiro, 1942. There was, in fact, no cadre of trained Brazilian economists until the mid 1950s: L.C. Bresser Pereira, Desenvolvimento e crise no Brasil, 1930-1967, Rio de Janeiro, 1968, pp. 46-47. Simonsen's attempts to calculate Brazil's national income were novel not only in the Brazilian context, but in the field of economics in general: see Colin Clark's complaints about the obsession of English universities with economic theory and their lack of interest in investigations into national income: Colin Clark, The conditions of economic progress, London, 1940, pp. vii-ix.

2. See the Foreign Office correspondence on the subject of Lazard Brothers and Murray, Simonsen & Co., FO 371 16552, pp. 47-202. The British Chargé d'Affaires commented: "Murray Simonsen have a reputation for being pretty slippery customers, and one wants to watch one's step before rousing the British lion on their behalf." Troutbeck to Craigie, Rio, 22 August 1933, FO 371 16552, pp. 170-71. The rabidly anti-
Semitic Integralist, Gustavo Barroso, made a bitter attack on Simonsen, who was of Jewish descent, in Gustavo Barroso, A sinagoga paulista, Rio de Janeiro, 1937, pp. 101-46.

3. Simonsen said: "Let us make a sacred union for this purpose [i.e. to increase general well-being], but don't let us think of destroying." Reikdal replied: "You talk about a 'sacred union' [...]. Yet you are the representative of a powerful company which corners everything!" Simonsen: "Corner? I never cornered anything." Reikdal: "I cannot say just now what you have cornered, but I am absolutely certain that the great companies exist to corner everything, in order to reduce the People to poverty." Anais da Camara dos Deputados, 1934, IV, pp. 282-83.


7. Simonsen, Crises, finances and industry, São Paulo, 1931, p. 5; Simonsen, A industria em face da economia nacional, São Paulo, 1937, pp. 6-8; correspondence in FO 371 16552; Simonsen, A construção dos quarteis para o Exército, São Paulo, 1931.


13. Boris Fausto, A Revolução de 1930; historiografia e história, São Paulo, 1970, pp. 29-50. This interpretation does not necessarily conflict with the traditional view put forward by Celso Furtado that Vargas's
policy of supporting the coffee sector kept up internal demand and thus favoured domestic industry: Celso Furtado, The economic growth of Brazil, Berkeley, 1963, pp. 203-24. Furtado himself says that this pump-priming policy was adopted unconsciously (p. 212): results are often very different from intentions and expectations.


17. PR box 6, file 4, folder 27 (Federação Rural do Rio Gde. do Sul e União dos Fazendeiros e Invernistas do Oeste de S. Paulo). The correspondence covers the period January to May 1934; the alternatives were clearly set out for Vargas and his pencil marks show that he read them.


23. The main arguments against protectionism are summed up in the following quotation from Assis Brasil, speaking on behalf of the Liga da Defesa Nacional in September 1917: "The idea of encouraging the appearance of local industry (industria nacional) through protectionism, that is, through the application of more or less prohibitive customs duties to
FOOTNOTES TO PAGES 121-27.

Imports, may produce the illusion that local industry exists; but, in reality, it will mean a rise in the cost of living, a decline in the quality of the goods consumed and the generalisation of poverty. Many of the so-called local industries are merely legal devices to defraud the customs: the profits of such industries are what the customs would receive for the importation of equivalent merchandise, if this had to be imported. However, the public pays more money for it and gets worse service, while the Treasury gets less revenue."

J.F. de Assis Brasil, Idéia de Patria, São Paulo, 1918, p. 38.


25. Simonsen, Crises, finances and industry, pp. 7-8. F.I.E.S.P. were sufficiently worried by this campaign to send a memorandum to Vargas refuting Lima's proposals: F.I.E.S.P. to Vargas, 5 June 1931, PR box 6, file 4, folder 22 (Proteccionismo agrícola e proteccionismo industrial).

26. Simonsen, Crises, finances and industry, pp. 96-97.

27. Simonsen, "Necessidade de estabilização cambial", A margem da profissão, p. 147. This suggestion was contained in a letter which Simonsen sent to the British financial mission led by Sir Edwin Montagu in February 1924.

28. "As industrias e o augmento da proteção alfandegária" Diário Nacional, 6 June 1928, p. 3; Dean, Industrialization of São Paulo, p. 142.


30. "As industrias e o augmento da proteção alfandegária" Diário Nacional, 6 June 1928, p. 3.

31. O Estado de S. Paulo, 9 January 1931, p. 3.


33. Ibid., p. 73.

34. Simonsen, Orientação industrial brasileira, pp. 8-9, 12-13.

35. Simonsen, Crises, finances and industry, pp. 86, 88, 93-94.


37. Ibid., p. 90.

38. Ibid., p. 133.


40. Ibid., p. 10.

41. Simonsen, Crises, finances and industry, pp. 20, 31, 43-44.

42. This trade rivalry is described in Wirth, Politics of
Brazilian development, pp. 17-68.


44. Wirth, *Politics of Brazilian development*, p. 22.


46. Ibid., p. 132.

47. Ibid., pp. 264-305. The speech was printed and published under the title of *Aspectos da economia nacional*, São Paulo, 1935. Simonsen also published an English translation entitled *Aspects of national political economy*, 1935. I have used the latter work for the quotations, with alterations to make them conform to modern English usage.


49. Ibid., p. 8.

50. Ibid., p. 12.

51. Ibid., p. 19.

52. Ibid., p. 33.

53. There is an English translation of the bill in a memorandum from the Commercial Secretary to the British Ambassador, no date, FO 371 18655, pp. 254-55.


57. Memorandum from Commercial Secretary to Ambassador, FO 371 18655, pp. 256-58.

58. "Um golpe ousado", Folha da Manhã, 3 November 1935.

59. Letter from Bento A. Sampaio Vidal, president of the Sociedade Rural Brasileira, São Paulo, to the president of the C.F.C.E., 30 October 1930; Vidal to Sebastião Sampaio, executive director of the C.F.C.E., 14 November 1935; Vidal, speech to the Sociedade Rural Brasileira, Folha da Manhã, 20? November 1935; Manoel Ribas, Governor of Paraná, to Sebastião Sampaio, 13 December 1935; opinion of Valentim F. Bouças, 6 January 1936. All these documents are in the C.F.C.E. records, CFCF/XIII PR 19 Processo 300 (Instituto Nacional de Exportação).

60. Wirth, *Politics of Brazilian development*, p. 47.
FOOTNOTES TO PAGES 134-44.

61. Translation of an article in Monitor Mercantil, 19 July 1935, P0 371 18652, p. 242; Bastos, Pensamento industrial, p. 146.

62. CFCE/XIII PR 14 Processo 178 (O alargamento do mercado interno); see also CFCE/XIII PR 20 Processo 318 (same title).

63. The documents relating to this inquiry are in CFCE/ XIII PR 26 Processo 426 (Possibilidades da indústria brasileira). The telegram is pp. 1-5.

64. Ibid., pp. 58-65; it is transcribed in Simonsen, A indústria em face da economia nacional, pp. 57-70.

65. Simonsen was among the signatories; the memorandum bears the marks of his thinking and he included it in his collection of works entitled A indústria em face da economia nacional.


67. Ibid., p. 29.

68. Ibid., pp. 54-55.

69. CFCE/XIII PR 26/426, pp. 257-89.

70. The documents are in CFCE/XIII PR 26 Processo 426 vols. 1-11 (Possibilidades da indústria brasileira, etc.).


CHAPTER 7 (PAGES 143-57).


2. There was a series of strikes and a lock-out involving the União dos Operários em Fábricas de Tecidos in the textile factories in Rio in March 1931; Collor had to make repeated interventions in order to secure peace: "A greve na Fábrica de Tecidos Nova America", Jornal do Brasil, 3 March 1931, p. 10; 5 March 1931, p. 11; 7 March 1931, p. 8; 0 Estado de S. Paulo, 4 March 1931, p. 1; 17 April 1931, p. 1. When Collor addressed a union meeting in São Paulo, he was booed and had to call the police to close the meeting: Everardo Dias, História das lutas sociais no Brasil, São Paulo, 1962, pp. 179-83.


4. Evaristo de Moraes Filho, introduction to Moraes, Apontamentos de direito operário, p. xix.


6. Ibid.


8. Curiously enough, Pereira foresaw in 1929 the conclusions which Viana himself would only draw later. Observing that the book must have been written between 1916 and 1918, at a time of acute social conflict in Brazil, Pereira tried to explain the meaning of Viana's claim that class struggles had not been a part of the historical and social formation of Brazil: "It means the following: that Brazil is a 'different' country from the others; that the struggle between the classes has not contributed anything towards the formation of the Brazilian people; that there is no tradition of class struggle amongst us; that the class struggle is, therefore, an anti-Brazilian social phenomenon; that, finally, those in Brazil who study and try to resolve social problems from the point of view of Marxist philosophy have no raison d'être in 'our' land, are all foreigners, in spirit if not in birth, and should be exterminated from 'our' company [...]. From the denial of the class struggle stems, naturally, the theory of the State. [...]. A State outside the classes, above the classes, superior to the classes... [...]. A State which should, however, be in the hands of the coffee growers, descendants and heirs of the old 'rural aristocracy', which fortunately has presided over the historical and social formation of Brazil...", ibid., pp. 175-77. Thus did Pereira accurately foresee the conclusions which Viana would draw later in the 1930s.

9. Undated; single page fragment in Viana's archive; it would seem to have been written ca. 1937: OVA, unnumbered.

11. This quotation is taken from one of the bundles of loose notes which Viana called his "Papagaio" (parrots or paper kites); the bundle is labelled "Problem social", OVA, unnumbered.

12. Ibid.

13. Viana, "O papel das instituições de previdência e das instituições sindicais", Direito do trabalho e democracia social, Rio de Janeiro, 1951, p. 106. The paper was written ca. 1940.

14. Viana, "Novas diretrizes da política social", Direito do trabalho e democracia social, pp. 21-59. This lecture was given on 30 August 1939.

15. Viana, "O problema social e a pequena propriedade", Problemas de organização e problemas de direção, Rio de Janeiro, 1952, pp. 119-23. This article was first published in July 1943.

16. Viana, "A política social da Revolução de 30", Direito do trabalho e democracia social, pp. 63-103. This speech was given on 25 November 1939.

17. Ibid., pp. 83-84.

18. Decreto 19,770 of 19 March 1931.


22. Account of an homenagem organised by the Syndicato dos Empregados em Câmara, Culinários e Panificadores Marítimos, Jornal do Commercio, 23 September 1932, p.3.


24. Decreto 23,768 of 18 January 1934. Allowing only syndicalised workers to claim holidays was part of a deliberate policy to encourage syndicalisation: Salgado's exposição de motivos to this law, printed in M.T.I.C., Legislação social-trabalhista. Decretos de Setembro de 1933 a Janeiro de 1934... Suplemento No. 1, Rio de Janeiro, 1934, p. 70. See also the report of the Departamento Nacional do Trabalho in M.T.I.C., O Ministério do Trabalho no Governo Provisório. Exposição do Ministro Salgado Filho, Rio de Janeiro, 1933, pp. 64-65.

25. Mimeographed copy of a memorandum from the Centro Industrial de Fiação e Tecelagem de Algodão, Rio, to Collor, 27 April 1931, OVA, 1628; O. Pupo Nogueira, A indústria em face das leis do trabalho, São Paulo, 1935, pp. 30-46; telegram from the Sindicato dos Ferroviários da Companhia Paulista to Vargas, 24 April 1934, FR box 11, file 4, case (processo) 42689; lett-
er from the Sindicato dos Trabalhadores em Uzinhas de Açúcar e Classes Anexas de Campos to Vargas, 31 May 1934, PR box 9-A, file 4 (1934) folder 6; memorandum from the Diretoria Geral de Expediente of the M.T.I.C. to Vargas, 24 April 1934, PR box 11, file 4, case 42343. See also Jorge Street, A legislação social trabalhista no Brasil, São Paulo, 1934, pp. 15-16.


27. Decreto 22,653 of 20 April 1933; Decreto 22,696 of 11 May 1933.


31. Pimenta's side of an anti-clerical polemic is printed in Joaquim Pimenta, A questão social e o catolicismo, Rio de Janeiro, 1921.


33. Viana, "Organização sindical", Bol. M.TIC, 8, (April 1935) pp. 108-24; Viana used this opinion to form the basis of Chapter V of his Problemas de direito sindical, Rio de Janeiro, 1943, pp. 36-56. Despite his enthusiasm for traditional rural life, Viana made no reference to Catholicism, either for or against, until 1945, when he made a short speech to a Catholic gathering: Viana, "O papel construtivo da democracia cristã", Direito do trabalho e democracia social, pp. 165-79.

34. Diário Oficial, 9 May 1933, pp. 8933-37; the project was signed by Waldemar Falcão, a Catholic leader from Ceará and future Minister of Labour, and Vicente de Paulo Galliez. Letter from Alvaro de Abreu to Salgado Filho, 21 December 1933, OVA, 1636

35. The Catholics formed an informal grouping called the Liga Eleitoral Católica; its policies on social problems are set out in Anais da A.N.C., IV, pp. 327, 329, 331-34. Speeches by Pinheiro Lima on 4 April and 24 May 1934, Anais da A.N.C., XIII, pp. 205-19 and XXII, pp. 87-90. Pinheiro Lima was also against


37. Decreto 24,694 of 12 July 1934. In the Oliveira Viana archive, there is a typewritten draft of this law containing the provisions for ministerial control which were later dropped. These provisions gave M.T.I.C. delegates the right to attend the general assemblies of the sindicatos and to examine their financial accounts, as well as obliging the Ministry to issue instructions governing the elections and finances of syndical associations: OVA, 5140. The commission which drew up Decreto 24,694 was chaired by Oliveira Viana; see his memorandum to the Minister, Salgado Filho, dated 23 June 1934, forwarding the amended draft of Decreto 24,694: OVA, number illegible. Joaquim Pimenta claims that he was responsible for the original draft of the law: Pimenta, Retalhos do passado, p. 422.

38. J.P. Salgado Filho, "A legislação do trabalho: não se deve combater pela força material a onda de anarchia que procura arruinar o mundo", Bol. MTIC, 4, (December 1934) pp. 107-23.


40. These suggestions were made by the Director of the First Section of the Departamento Nacional do Trabalho: Viana, opinion dated 21 January 1935 on Processo D.G.E. 16539-934, (Syndicato dos Empregados em Hoteis, Restaurantes, Cafés e similares, com sede em Santos, apresentando o relatório de 1933), OVA, 5130 (Pareceres de 1935). See also an explanation by Agamemnon Magalhães, Bol. MTIC, 38, (October 1937) pp. i-lxvii.

41. Agamemnon Magalhães, speech in the Chamber of Deputies on 18 January 1937, Bol. MTIC, 30, (February 1937) pp. i-lxvii; the quotation is on p. lxvi.

42. Some of Viana's opinions dealt with cases of employees dismissed because they were accused of being communists; it seems that some companies used the new security law as an excuse to get rid of any militant workers: Viana, opinion dated 31 October 1938 on Processo (CNT) D.G.E. 3768-1938, (The Leopoldina Railway Co. Ltd. remetendo inquérito administrativo contra Otavio Pinto Tavora), OVA, 5132; opinion dated 8 October 1936 on Processo D.G.E. 9950-936 dealing with the case of 10 employees dismissed by the Light & Power company, OVA, 5128. (Pareceres de 1936). The British Consul in Pernambuco, commenting on the aftermath of the communist uprisings of November 1935, noted: "It is worthy of record that British companies here report a more conciliatory attitude of the Ministério do Trabalho in the matter of relations with employees. The Great Western of
Brazil Railway have been notified that official recognition of the existing Sindicato dos Ferroviarios has been withdrawn, and they have taken advantage of the situation to get rid of some of their radical employees who, sheltering behind their ten years service, gave continual trouble by fomenting discontent. The local branch of the Western Telegraph Company has also met with unexpected success in the settlement of disputes with employees who had proved difficult. Consul White, Pernambuco, to Gurney, 12 March 1936, FO 371 19766, p. 125.

CHAPTER 8 (PAGES 158-78).


3. A strike by Rio metal-workers was settled by the Minister, Agamemnon Magalhães, in November 1935: "A greve dos metalúrgicos", *Bol. MTIC*, 16, (December 1935) pp. 384-85; Vasco de Toledo and other employees' representatives in the Constituent Assembly complained about police violence during the bankworkers' strike of July 1934: 0 Estado de S. Paulo, 7 July 1934, p.1; the Leopoldina Railway strike of April 1934 was settled by negotiations carried on in the office of the Chief of Police, Filinto Muller: *Jornal do Brasil*, 10 April 1934, p. 13; both the bankworkers and the Leopoldina strikers, as well as the seamen in April and the telegraph operators in July 1934, made personal appeals to Vargas: *Jornal do Brasil*, 7 April 1934, pp. 7-8, 0 Estado de S. Paulo, 14 July 1934, p. 1.


5. The text of the first draft is printed in Oliveira Viana, *Problemas de direito corporativo*, Rio de Janeiro, 1938, pp. 181-207. There are a number of fragmentary copies of intermediate drafts in the Oliveira Viana archive, OVA, 3805, 5140.


7. First draft, arts. 3, 4, 29, 30, 32, 39, 40, 68, 69 and 70.

8. Constitution of 10 November 1937, art. 139.

9. Second draft, arts. 30, 32, 42, 43 and 65-68.

10. Art. 2, line b) of an undated fragment of a draft law, OVA, 3805.

11. Sheet of paper headed Observações sobre a redacção final do projecto de Justiça do Trabalho, OVA, 5140.

12. First draft, arts. 2, 6, 45, para. j.

14. The articles were later reprinted and formed the basis of Viana, Problemas de direito corporativo, pp. 11-175.


16. Second draft, art. 2.

17. Ibid., art. 5.


19. Viana, opinion on a draft law regulating labour in ports, no. 5973-933, OVA, 5135 (Pareceres de 1933).


22. Viana, opinion dated 2 May 1932 on the draft of the decree creating Comissões Mistas de Conciliação, OVA, 5127. Viana wrote: "In Brazil, a country without much feeling of discipline and authority, compulsory arbitration conferred on a special magistracy is the organisation which would be advisable."

23. Viana, Problemas de direito corporativo, pp. 271-73.


25. Ibid., art. 137, para. a.

26. Ibid., art. 138.


29. Ibid., p. 209.


34. Most of the documents relating to this debate are printed in Viana, Problemas de direito sindical, pp. 205-79, and F.I.E.S.P. (?), A Constituição de 10 de Novembro de 1937 e a organização corporativa e sindical, São Paulo, 1940. The paulistas' objections to the syndical legislation are set out in a memorandum dated 14 March 1940, A Constituição... e a organização corporativa e sindical, pp. 3-103. Viana's opinion dated February 1940 on an earlier, unpublished memorandum setting out the same objections is printed as Viana, "Parecer sobre as sugestões encaminhadas pela Confederação Nacional da Indústria", Problemas de direito sindical, pp. 253-66.

35. Viana, Problemas de direito sindical, p. 265.

36. Ibid., p. 266.


38. Ibid., p. 241.

39. This article was reprinted as Viana, "Os industriais paulistas e a nova lei sindical", Legislação do Trabalho, May-June 1940, pp. 200-06. Viana reworked this and subsequent articles to form the text of Problemas de direito sindical.


41. Lodi, "A indústria nacional e a nova lei sindical", ibid., pp. 205-20; the quotation is on p. 214.


43. Decreto-lei 2353 of 29 June 1940; decreto-lei 2363 of 3 July 1940; decreto-lei 2381 of 9 July 1940.

44. Decreto 7551 of 17 July 1941; the same privilege had already been granted to the Confederação Nacional dos Operários Católicos by decreto 7164 of 12 May 1941. In December 1942, Simonsen's empire was renamed to correspond to the nomenclature of the government's system: the civil association, F.I.E.S.P., became the Centro das Indústrias (C.I.E.S.P.), while the syndical federation called the Federação das Indústrias Paulistas took the name of the Federação das Indústrias do Estado de São Paulo. The dual structure has continued down to the present day for legal and political reasons although, in practice, the two organisations are one and the same: Oliveira, Do CIESP à FIESP, pp. 14-15.


46. Reprinted as Luís Augusto de Rego Monteiro, "Enquadra-

47. Viana, "Quadro e enquadramento na nossa legislação sindical", *Jornal do Commercio*, 12-13 April 1941.


49. The final outcome of the debates over the syndical legislation confirms the conclusion reached by Karl Loewenstein in 1942: "Nothing is further removed from the truth than the supposition that social life in Brazil under Vargas is totalitarian in the precise sense of sacrificing the private sphere of the individual to the Leviathan of the state"; "the Vargas regime is neither democratic nor a 'disciplined' democracy; it is neither totalitarian nor Fascist; it is an authoritarian dictatorship for which French constitutional theory has coined the apt term 'regime personnel'", Karl Loewenstein, *Brazil under Vargas*, New York, 1942 (1973 reprint), pp. 370, 373.

CHAPTER 9 (PAGES 179-94).


4. Costa Leite and Lyra Madeira, "Salário mínimo", *Bol. MTIC.*, 1, (September 1934) p. 239.


8. Ibid., p. 172.


10. In fact, up to 65% of the minimum wage could be discounted in return for providing meals at work: *Portaria ministerial SCm 318 of 25 June 1940*.

11. The unhealthy industries were later classified according to their degree of dangerousness and provision made for the increase on the minimum wage to be graded by 10%, 20% and 40%: *Portaria SCm-51 of 13 April 1939*; *decreto-lei 2162 of 1 May 1940*, art. 6.


14. The arguments within the commissions over the minimum wage created ill-feeling between the employers' and the workers' representatives, and the levels at which the wages were eventually set disappointed the workers. See: *Legislação do Trabalho*, III, 30/31, (October/November 1939) pp. 461-67; Anor Butler Maciel, "O salário mínimo no Rio Grande do Sul", *Boletim MTIC*, 71, (July 1940) pp. 289-94.

15. S.E.P.T. Ofício n. 80 of 13 January 1940. When the S.E.P.T. came to revise the minimum wage levels fixed by the commissions, it maintained them in 30 cases, lowered them in 14 and raised them in 4: M.T.I.C., S.E.P.T., *Salário mínimo. I - Legislação, estatística e doutrina*, pp. 257-63, 267-94, 302-22, 325-32. See also Costa Miranda, "Salário mínimo", *Boletim MTIC*, 71, (July 1940) pp. 103-17.

16. Decreto-lei 2162 of 1 May 1940.


FOOTNOTES TO PAGES 185-89.

1957, pp. 135-64.

19. O. Pupo Nogueira, "Repercussões econômicas do salário mínimo", Bol. MTIC, 61, (September 1939) pp. 135-52; the quotation is on p. 138. Nogueira went on: "The minimum wage enters the list of laws which support and protect the Brazilian workman. This clearly social characteristic of the law is less important than its economic character: the minimum wage, by completing the programme of feeding the masses, will bring the inevitable consequence of increasing the purchasing power of the workman, who is also a great consumer of the products which we in agriculture and industry produce," ibid., p. 152. Oliveira Viana wrote a very scathing article on the subject of the minimum wage, claiming that even a policy of high wages had failed to boost industrial production in the advanced countries; he derided the industrialists' belief that the minimum wage could do so in Brazil: Oliveira Viana, "O problema das nossas crises economicas e as nossas elites industriais", Problemas de organização e problemas de direção, Rio de Janeiro, 1952, pp. 69-88; the article was first published in March 1939.


23. Decreto-lei 2548 of 31 August 1940.

24. Typewritten fragment, undated, OVA, 1167.


27. Portaria 36 of 8 January 1943.


29. M.T.I.C., S.E.P.T., Alguns aspectos da política do salário mínimo, pp. 141-51. It would appear from the context that Simonsen wanted the minimum wage reduced in the higher level areas, but this is not certain.

31. The milreis was replaced by the cruzeiro on 1 November 1942; one milreis (1/1000) was equivalent to one cruzeiro (Cr. 51.00).

32. Decreto-lei 5977 of 10 November 1943.


35. Decreto-lei 5978 of 10 November 1943.

36. Decreto-lei 5979 of 10 November 1943.


38. Decreto-lei 6297 of 28 February 1944.


40. Decreto-lei 1238 of 2 May 1939.


43. Marcondes Filho, speech on taking over the Ministry of Labour, Jornal do Brasil, 4 January 1942.

44. Decreto-lei 5452 of 1 May 1943.

45. Decreto-lei 5516 of 24 May 1943.

46. Decreto-lei 5821 of 16 September 1943.

47. Decreto-lei 6688 of 13 July 1944.

48. Stein, Brazilian cotton manufacture, pp. 165-84.


50. Gainer to Eden, 26 July 1944, FO 371 37846 AS4334, p. 3.


CHAPTER 10 (PAGES 195-216).

1. Ministério da Educação e Saúde (Ministry of Education and Health, hereafter referred to as M.E.S.); from 1930 to 1937, its title was Ministério da Educação e Saúde Pública.


15. Roberto Mange, Ensino profissional racional no Curso de Ferroviários de Sorocaba, São Paulo, 1936; Mange, Formação e seleção profissional do pessoal ferroviário, São Paulo, 1936.
FOOTNOTES TO PAGES 199-206.


25. Decreto 6029 of 26 July 1940.


29. Laurindo, Cinquenta anos de ensino profissional, vol. 1, table XI.

30. Morris Cooke, Brazil on the march; a study in international cooperation, New York, 1944, pp. 82-83.


36. The text of this draft law is reprinted in Fonseca, História do ensino industrial, vol. 1, pp. 523-29.

37. The recommendations drawn up by Simonsen's commission
are printed in F.I.E.S.P., Relatório, 1940, pp. 165-68.

38. It seems certain that the initial suggestion came from Vargas: Montojoos, interview, although SENAI now prefers to stress the role of the industrialists: Italo Bologna, director of SENAI, interview, Rio de Janeiro, 7 November 1972; Bologna, Formação profissional na indústria; o SENAI, Rio de Janeiro, 1969, pp. 23-24.


40. Bologna, interview.

41. Montojoos, interview.

42. Decreto 10,009 of 16 July 1942.


44. Decreto-lei 4936 of 7 November 1942; decreto-lei 5091 of 15 December 1942; decreto-lei 6246 of 5 February 1944.

45. Bologna, interview.


49. Mange, SENAI: Relatório dos trabalhos realizados pelo Departamento Regional de São Paulo, 1945, pp. 91-96.

50. Ibid., p. 11.


54. Bol. SENAI, I, 4, (July-September 1945) p. 10.

55. M.E.S., O ensino industrial no Brasil, Rio de Janeiro, 1946, p. 3.

56. Laurindo, Cinquenta anos de ensino profissional, vol. 1, table IX.

57. Ibid., table XI.

58. Bologna, Formação profissional na indústria; o SENAI, p. 80; SENAI, Departamento Nacional, Relatório de 1946, p. 59.

59. Robert J. Alexander, Labor relations in Argentina,
FOOTNOTES TO PAGES 215-20.


61. Bol. SENAI, I, 1, (October-December 1944) p. 11.

CHAPTER 11 (PAGES 217-42).


3. F.I.E.S.P., Relatório, 1938, p. 3.

4. Heitor Ferreira Lima, interview, São Paulo, 16 April 1974. Simonsen covered F.I.E.S.P.'s deficit from his own pocket and this also helped him to maintain his influence.


Brazil on the march; a study in international cooperation, New York, 1944, p. viii. The full report of the Cooke Mission was only released after the war and published as A Missão Cooke no Brasil; relatório dirigido ao Presidente dos Estados Unidos da América pela Missão Técnica Americana enviada ao Brasil, Rio de Janeiro, 1949.


12. In reaching this assessment of the situation in 1944-45, I am particularly indebted to Dr. Rômulo de Almeida for his comments, interview, Rio de Janeiro, 20 June 1974.


17. Dulles, Vargas of Brazil, pp. 253-55.


20. Ferreira Lima, interview.

21. Gainer to Eden, 25 August 1944, F0 371 37847 AS4800, p. 1; telegram, Gainer to Eden, 10 January 1945, F0 371 44806 AS328.

22. Alexandre Marcondes Filho, "Falando aos trabalhadores brasileiros", printed in successive issues of Bol. MTC; these weekly broadcasts began on 22 January 1942 and ended on 13 July 1945. The Hora do Brasil was popularly nicknamed the Hora do Silêncio since so many listeners switched off their sets while it was on.

23. Telegram, Gainer to Foreign Office, 23 January 1945, F0 371 44806 AS529; Gainer to Eden, 11 April 1945, F0 371 44807 AS2302; Gainer to Eden, 27 April 1945, F0 371 44807 AS2602.

24. Memorandum, Uldarico Cavalcanti to the Director-Gen-
eral of the C.F.C.E., 27 December 1944, CFCE/XIII PR 125 Processo 1319 v. 9. 552(1944) (Estudo de problemas brasileiros no após-guerra...).

25. Simonsen's friendship with Marcondes Filho is recalled by D. Eda di Franco (Simonsen's secretary), interview, São Paulo, 26 February 1973. It is not clear to what extent Simonsen was directly involved in the political manoeuvring of 1944-45. However, in the State Department records in Washington there is a copy of an unsigned letter, purportedly from Euvaldo Lodi to Simonsen, dated January 1945, which suggested that Brazilian industrialists should put up 100,000 cruzeiros to keep Vargas in power; half of this was to come from São Paulo. The letter went on "In my opinion, we shall have to support the president unconditionally and work to achieve his preservation in power, since any other government would cause us to lose the ground already conquered by industry and would destroy the position which we are trying to win in the future." Rio Embassy to State Department, despatch of 9 April 1945 with enclosure, 832.00/4-945; there is no indication how the American Embassy came by this letter. (I am indebted to Professor Stanley Hilton for this information; see also McCann, Brazilian-American alliance, p. 448.) Simonsen was also reported to be negotiating with the communist leader, Luís Carlos Prestes, and subsidizing the communist paper, Tribuna Popular: Berle, Rio, 28 May 1945, 832.00/5-2845, cited in McCann, Brazilian-American alliance, p. 464. In March 1945, the American Consul in São Paulo reported that Simonsen and the directors of F.I.E.S.P. were among those who attended a meeting in the Palácio Campos Elíseos to nominate Eurico Dutra as the P.S.D.'s presidential candidate: Consul General, São Paulo, report, 16 March 1945, State Department records, 832.00/3-1645 (courtesy, Hilton). Certainly, Simonsen was not greatly compromised by the fall of the Estado Novo, since he continued as president of F.I.E.S.P. and was elected senator by the P.S.D. machine in 1947. Rômulo de Almeida says that Simonsen and Lodi were not involved with the queremistas, interview.

26. Primeiro Congresso Brasileiro de Economia, Rio de Janeiro, 1943; Primeiro Congresso Brasileiro da Indústria, São Paulo, 1944; Primeira Conferência das Classes Produtoras, Teresópolis, 1945. Vargas's visit to São Paulo to open the Industrialists' Congress organised by F.I.E.S.P. in December 1944 was described by the British Vice-Consul there: the inaugural meeting of the Congress in the Municipal Theatre began 50 minutes late, with the theatre half empty. People from the crowd outside, as well as some army officers and policemen, were invited in to fill up the vacant spaces. Even so, many of the seats remained empty and there was a floating audience coming and going throughout the meeting. "There was
little applause and when the President declared the meeting closed at midnight, everyone heaved a sigh of relief", report of Vice-Consul Nash, São Paulo, [December 1944], FO 371 44606 AS 312.  


28. Simonsen had suggested the holding of an industrialists' congress several times since 1935. The C.F.C.E. was also in favour and secured Vargas's approval in July 1939. However, at the last moment, Vargas vetoed the proposal: CFCE/XIII PR 59 Processo 649 (Convocação de um Congresso Nacional de Indústria no Rio de Janeiro...).  

29. Bol. MTIC, 112 (December 1943) pp. 198-209; the quotations are on pp. 198-99, 202-03.  


34. Ibid., p. 15.  

35. Ibid., p. 16.  


39. The minutes of these discussions are printed in C.N.P.I.C., Planificação da economia nacional.

40. Decreto-lei 6476 of 8 May 1944.


44. Ibid., p. 20.

45. Ibid., p. 21.

46. Ibid., pp. 55-56.

47. Ibid., p. 104.

48. Ibid., p. 119.

49. Ibid., pp. 119-20.


51. Ibid., p. 13.

52. Ibid., p. 13.


54. Ibid., p. 16.

55. Ibid., p. 58.

56. Ibid., p. 58.

57. Ibid., p. 62.

58. Ibid., p. 64.

59. Ibid., p. 68.

60. Ibid., p. 69.

61. Conselho Interamericano de Comércio e Produção, Inquérito continental sobre fomento e coordenação de indústrias, pp. 211-12. The situation as regards planning in the post-war period is described in Romulo de Almeida, Experiência brasileira de planejamento, orientação e controle da economia. Separata de Estudos Econômicos, Rio de Janeiro, no. 2, June 1950.

FOOTNOTES TO PAGES 241-48.


65. D. Edda di Franco, interview.


67. The results trickled in throughout February and March; Simonsen came 13th out of 28 in São Paulo Capital and was running 3rd in the Interior: O Estado de S. Paulo, 4 March 1947, p. 6.

CHAPTER 12 (PAGES 243-59).


5. Ibid., p. 13.


7. Ibid., p. 15.

8. Ibid., p. 17.


10. Ibid., p. 19.

11. Ibid., p. 19.


19. Ibid., p. 25.


22. Ibid., p. 73.

23. Ibid., p. 104.

24. Ibid., p. 106.


27. Diário Carioca, 26 May 1948, pp. 3-4.

28. Connell-Smith, Inter-American system, pp. 152-55, 196-97, 266-68.

29. Ibid., p. 156.


31. Connell-Smith, Inter-American system, pp. 166-68.

CONCLUSION (PAGES 260-62).

1. Oliveira Viana, "O problema das nossas crises econômicas e as nossas elites industriais", Problemas de organização e problemas de direção, Rio de Janeiro, 1952, pp. 69-88; the quotation is on p. 74.


3. Ibid., p. 100.

4. Ibid., p. 104.

5. Viana, "O homem brasileiro e o mundo de amanhã", ibid., pp. 167-76; the quotation is on p. 174.
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